

Budget Highlights



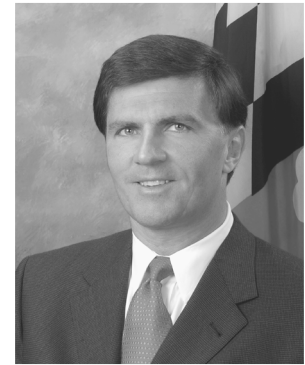
MARYLAND

FY 2004 BUDGET

Robert L. Ehrlich, Jr., Governor
Michael S. Steele, Lt. Governor



January 17, 2003



The Senate of Maryland
The Honorable Thomas V. "Mike" Miller, President

The Maryland House of Delegates
The Honorable Michael E. Busch, Speaker

The Citizens of Maryland

Dear Mr. President, Mr. Speaker, Ladies and Gentlemen of the General Assembly, and Fellow Marylanders:

As you know, our state is now experiencing one of the worst fiscal crises in its history. Today's budgetary realities require us to spend taxpayer funds in a more judicious manner than ever before, and to ensure critical needs are met before anything else. Though resources are scarce, expectations and needs remain high. We must make every dollar count.

Marylanders want thoughtful government that spends wisely and produces results. We have an opportunity and an obligation to give it to them.

This proposed budget accomplishes four major goals:

- It expands funding for education and health and at the same time preserves funding for other core government functions.
- It reduces the size of state government overall, while preserving the jobs of hard-working state employees, and assuring that no local jurisdiction's aid is reduced from 2003.
- It maintains the state's \$505 million Rainy Day Fund.
- It includes no tax increase.

The past two budgets have been balanced on one-time fund sources. Reductions in on-going revenues have exacerbated the state's structural deficit. This proposed budget reduces spending by eliminating vacant positions, reducing information technology costs, and cutting expenditures in other areas. It creates a sizable, sustainable, new and growing revenue source from video lottery terminals at state racetracks.

These actions along with additional special fund transfers will balance the budget for the year, and bring our finances closer to structural balance. They do not eliminate the full extent of the \$1.3 billion structural deficit. Much additional effort will be needed to bring the budget into long-term balance.

I am eager to work with the General Assembly to approve and pass this budget. Over the next year, we must continue to cooperate, along with local governments, employees, businesses, community groups, and our constituents to forge a long-term solution.

Very truly yours,

Robert L. Ehrlich, Jr.
Governor

Budget Summary

Maryland Budget Highlights FY 2004

FISCAL RESPONSIBILITY

- ❑ The proposed budget is balanced and funds state functions without increasing taxes.
- ❑ The budget totals \$22.8 billion, a 1.8% increase over Fiscal Year 2003 and is \$35 million below the Legislature's spending affordability target.
- ❑ New spending is focused on public education and health care.
- ❑ Excluding local education aid and Medicaid, the remainder of the budget declines by over \$100 million from the amount approved by the General Assembly last year
- ❑ A thorough review of State positions created the opportunity to abolish nearly 1,387 vacant positions, maintain the "hard" hiring freeze and save \$35 million.
- ❑ General Fund Pay-As-You-Go (PAYGO) Capital spending is reduced from \$50 Million in FY 2003 to \$13 million in FY 2004. To reduce demands on the General Fund, General Obligation Bonds will be used for these projects.
- ❑ Legislation to permit video lottery terminals at horseracing tracks should provide nearly \$400 million in Fiscal Year 2004 in operating revenues and licensing fees and ultimately increase to \$800 million in later years.
- ❑ Disposing of the State's twin-engine aircraft will save the State over \$1 million in lease payments annually.

EDUCATION

- ❑ Local educational aid including implementation of the second year of the Bridge to Excellence program increases \$242.1 million, a 7.7% increase.
- ❑ The basic education funding formula, the Foundation Program, was increased \$178.3 million to \$2.02 billion in Fiscal Year 2004.

- ❑ Formula aid for students with disabilities increases \$33.9 million to provide special education services.
- ❑ The Governor will introduce legislation to allow charter schools thus paving the way for additional federal funding.
- ❑ Funding for Higher education institutions from all sources increases by 3.7% or \$121 million even though general fund support had to be reduced due to the State's fiscal condition.
- ❑ Historically Black Colleges and Universities will receive an additional \$15.6 million from all sources, or 4.4%, over the Fiscal Year 2003 appropriation even though general fund support had to be reduced due to the State's fiscal condition.
- ❑ Community colleges receive \$185 million including State fringe benefit contributions.
- ❑ Scholarship assistance is funded at \$82.6 million and will target new awards for teacher education and students with the greatest financial need.
- ❑ The budget also contains \$2.1 million for the College Preparation Intervention program.
- ❑ 49% of the state's general obligation bonds will be used for educational purposes. Capital funding for education includes \$102.6 million for school construction, \$49 million for the Morgan State University library, and \$46 million for the University of Maryland Biotechnology Institute Center for Advanced Research.

HEALTH

- ❑ Medicaid, which provides the basic health care safety net for lower income individuals, increases by a total of \$325 million or 9.4%.
- ❑ Funding of \$130 million is provided for the Maryland Pharmacy Discount Program
- ❑ Funding of \$15 million is provided for disease surveillance,

Fiscal Year 2004 Budget Totals* (\$ millions)

	FY 2004	% Increase Over '03
General funds	10,882	4.4%
Special funds	3,956	-11.5%
Federal funds	5,497	5.5%
Higher Ed. funds	2,461	8.3%
Total funds	\$22,797	1.8%

Positions	FY 2004	% inc.
Authorized	79,860	-1.2%
Contractual	9,543	4.5%
All Positions	89,403	-0.6%

*After contingent reductions and reversions
Totals may not add due to rounding

emergency preparedness efforts and first response personnel. Funding is also maintained for local health departments for core public health services.

COMMUNITY SERVICES

- ❑ Funding for individuals with developmental disabilities was enhanced by \$38.3 million. This will expand community and residential care and decrease the number of beds occupied in State institutions.
- ❑ An additional \$36 million is provided in Fiscal Year 2004 for mental health community services bringing the total budget to \$524 million.
- ❑ Over \$136.5 million is provided for alcohol and drug abuse treatment programs, including \$12 million for the Substance-abuse Treatment Outcomes Partnership (STOP), an increase of \$4.8 million.

PUBLIC SAFETY AND LAW ENFORCEMENT

- ❑ In line with a “child first” approach, the Governor will rename the Department of Juvenile Justice to be the Department of Juvenile Services, and focus its mission on education, physical and mental health, substance abuse prevention/treatment, and alternatives to incarceration. The Fiscal Year 2004 budget contains \$172 million for these endeavors.
- ❑ \$3.5 million is provided in the Department of Juvenile Justice to enhance mental health services, implement juvenile drug treatment and rehabilitation courts, and address issues related to minority over-representation in residential population within the juvenile justice system.
- ❑ The Maryland State Police’s Fiscal Year 2004 allowance includes \$8 million to support crime laboratory activities such as forensic analysis and ballistics testing.
- ❑ In an effort to meet the burgeoning caseload in the Office of the Public Defender, the budget includes \$2.9 million for an additional 35 attorneys and 24 support positions.
- ❑ The State correctional institution population of adult offenders is projected to increase by 2% in Fiscal Year 2004 to 28,350 inmates. Twenty-seven adult facilities will be funded with \$726.4 million
- ❑ \$600,000 is provided for operating the Emergency Operations Center 24 hours a day, 7 days a week.

**Maryland Budget Highlights
Contents**

Governor’s Letter 3
Budget Summary 4
Budget Overview 6
Fiscal Responsibility 12
Health 14
Community Services 16
Public Safety & Law Enforcement 18
Education 20
Capital Budget 22
Capital budget for transportation 26

State Agency Summaries

Constitutional Agencies 28
Agriculture 30
Budget & Management 32
Business & Economic Development 34
Education 36
Environment 38
General Services 40
Health & Mental Hygiene 42
Higher Education Commission 44
Higher Education Institutions 46
Housing & Community Development 48
Human Resources 50
Juvenile Justice 52
Labor, Licensing, & Regulation 54
Natural Resources 56
Planning 58
Public Safety & Correctional Services 60
State Police 62
Transportation 64
Independent Agencies 66

Supporting local government 77
Appropriation detail 87
Position summary 91
FY 2002 deficiency appropriations 93
Glossary 94
Acknowledgments 96

Some totals in this book may not add due to rounding.

Budget Overview

Maryland Budget Highlights FY 2004

Governor Ehrlich's proposed budget is balanced and funds core state functions without increasing taxes. New spending is focused on public education and health care. The budget reduces the size of state government while preserving the jobs of current state employees. All twenty-four local jurisdictions receive a State aid increase. Maryland's \$505 million "Rainy Day" reserve fund is preserved.

The budget totals \$22.8 billion, a 1.8% increase over fiscal year 2003. Excluding local education aid and the Medicaid program, the remainder of the budget declines by over \$100 million from the amount approved by the General Assembly last year. The general fund portion of the budget totals \$10.9 billion and represents an increase of 4% from the fiscal year 2003 budget, including deficiency appropriations.

Revenue Declining This Year ...

2004 Growth to be Modest

Ongoing general fund revenues declined by 4.6% in fiscal year 2002, due primarily to the approximately 50% decline in realized capital gains in tax year 2001—indeed, the personal income tax dropped 7.1% last year.

Both the national and State economies appear to be improving, but future growth remains uncertain. A number of factors, including a recalcitrant stock market and the continuing uncertainty of war have worked to undermine business confidence, without which robust growth will not occur. What expansion has existed in the economy is due to continued consumer spending.

The State Board of Revenue Estimates, chaired by Comptroller William Donald Schaefer, projects that fiscal year 2003 will see a 0.3% decline in net general fund revenues. Capital gains will drop again in tax year 2002, but due to the declines already registered, the impact on the income tax total will not be as significant. Income tax revenue growth will be a meager 0.75%—certainly not strong, but better than a 7% decline. Sales tax growth will be slow but steady, increasing by 3.0% in 2003.

As Maryland's economy recovers through the end of fiscal year 2003, revenue growth will also recover. The Board projects general fund revenue growth will reach 5.7% in fiscal year 2004, climbing above 2001 levels to \$10.0 billion.



Preserving Core Functions

Budget growth is concentrated in a few areas. Increased funding for public schools and libraries grows by \$242 million (with a greater increase in general funds, as special fund sources lapse). Most of this increase reflects the landmark "Thornton Commission" legislation to provide the funding needed for local school systems to achieve excellence in all schools. The budget fully funds the 2004 phase of this program.

Medicaid is the next largest increase, reflecting increases in caseloads and medical inflation. The fiscal year 2004 budget is \$120 million over the fiscal year 2003 appropriation in state funds.

Governor Ehrlich has allocated scarce resources to increase one of his top priorities--community-based services. For fiscal year 2004, funding for community services in mental health, developmental disabilities and substance abuse treatment adds another combined \$64 million.

Other areas of the budget grow very modestly, or actually decline.

State Personnel

The number of authorized positions in state government decreases by 945, for a total of 79,870. Staffing levels in most state agencies decline due to the abolition of vacant positions. The budget eliminates 1,387 vacant positions. 431 new positions are added, principally in 3 agencies:

- ❑ 71 in the Public Defender’s Office as part of a caseload reduction initiative
- ❑ 157 for the University System of Maryland
- ❑ 73 in the State Department of Education, to implement newly enacted state and federal education and accountability initiatives

Contractual employees at the University System of Maryland increase by 412, mostly for instructional staff to handle higher enrollments. For all other agencies combined, contractual employment decreases by a net of three positions. The number of contractual state employees will be 9,542.

New Revenue Sources

Revenue from video lottery terminals will provide \$395 million towards the increased education and health expenses. The bulk of this revenue will be up-front license charges assessed against video lottery

Status of the State General Fund		
\$ millions		
	FY 2003	FY 2004
Beginning balance	309	74
Estimated revenues	9,473	10,012
Additional revenues	9	478
Transfers-original budget	334	324
Additional transfers	371	
Total	10,496	10,887
Expenditures	10,668	10,935
Reductions from approp.	-246	-53
Total	10,423	10,882
Ending balance	74	5

terminal licensees. The ongoing revenue from the terminals will depend on the details of 2003 enabling legislation. The Governor’s proposal would ultimately produce approximately \$800 million annually.

New, common sense initiatives to improve tax compliance efforts will provide another \$57.5 million. Transfers from selected special fund balances add another \$371 million in 2003 and \$324 million in 2004.

State “Rainy Day” Reserve Fund

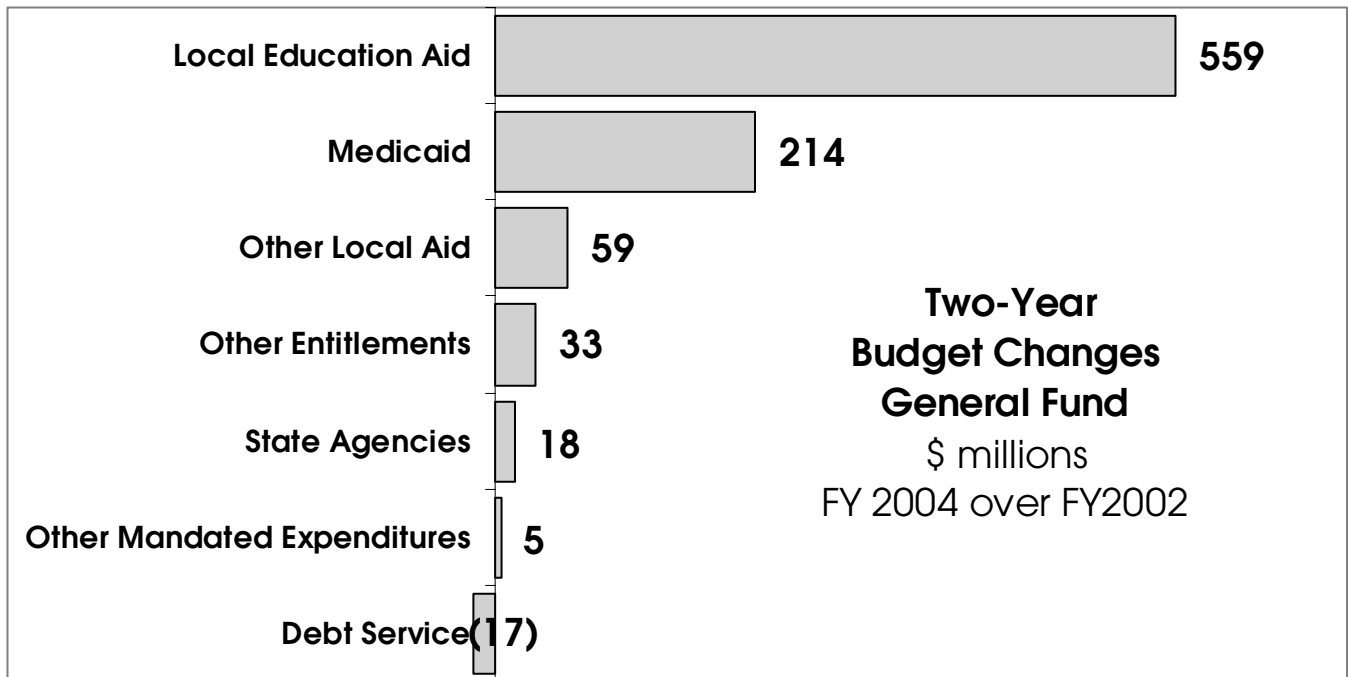
The proposed budget does not take money from the State Reserve Fund. The balance in the fund at the end of FY 2004 will total \$505 million. The five-year forecast includes funding needed to maintain the reserve at the statutory goal of 5% of revenues. Maintaining an adequate reserve is crucial to maintaining the state’s high credit rating and guarding against further revenue downturns.

Spending Affordability

Each year, the General Assembly’s Spending Affordability committee recommends the maximum rate at which the state budget should increase. The recommendation is not binding on the Governor, but

Budget Overview

Maryland Budget Highlights FY 2004



the Governor is required to explain the reasons for exceeding the Spending Affordability limit.

This year, in view of the precarious economic and fiscal situations, the committee recommended limiting growth to 2.5% (this is the lowest recommended growth since 1993). The calculation differs from the normal budgetary growth in that it excludes one-time expenses and federal funds, but includes deficiency appropriations. On this basis, Governor Ehrlich's proposed budget grows only 2.25%, which is \$35 million under the recommended limit--the first time in the last five budgets a Governor has met the Spending Affordability recommendation.

Maryland's Budget Process

The state Constitution requires that the newly elected Governor submit a balanced budget to the General Assembly by the tenth day of the legislative session, which falls on January 17.

Over the next 11 weeks, the legislature will review, hold hearings and consider the budget. The legislature's Department of Legislative Services will assist the House Committee on Appropriations and the Senate Budget and Taxation Committee in their review. The state Constitution provides that the legislature may reduce the amounts submitted by the

Budget growth is concentrated in the areas of local education and health care. Other areas of the budget grow very modestly or actually decline.

Governor, but may not add to the budget or substitute items. (The budgets of the legislative and judicial branches of government are exceptions. The General Assembly may add to or rearrange those budgets.)

During legislative consideration, the Governor may submit "supplemental budgets." These budgets make corrections to the original budget, include funding for items required by new legislation and emergencies or add items omitted from the original budget.

After the House and Senate have both acted, a conference committee of senators and delegates meets to resolve differences. The legislature is required to enact the budget by the 83rd day of the legislative session – March 31 this year. The State Constitution requires the budget also be balanced at this point. The budget becomes law upon passage by both houses of the legislature. The Governor's signature is not required.

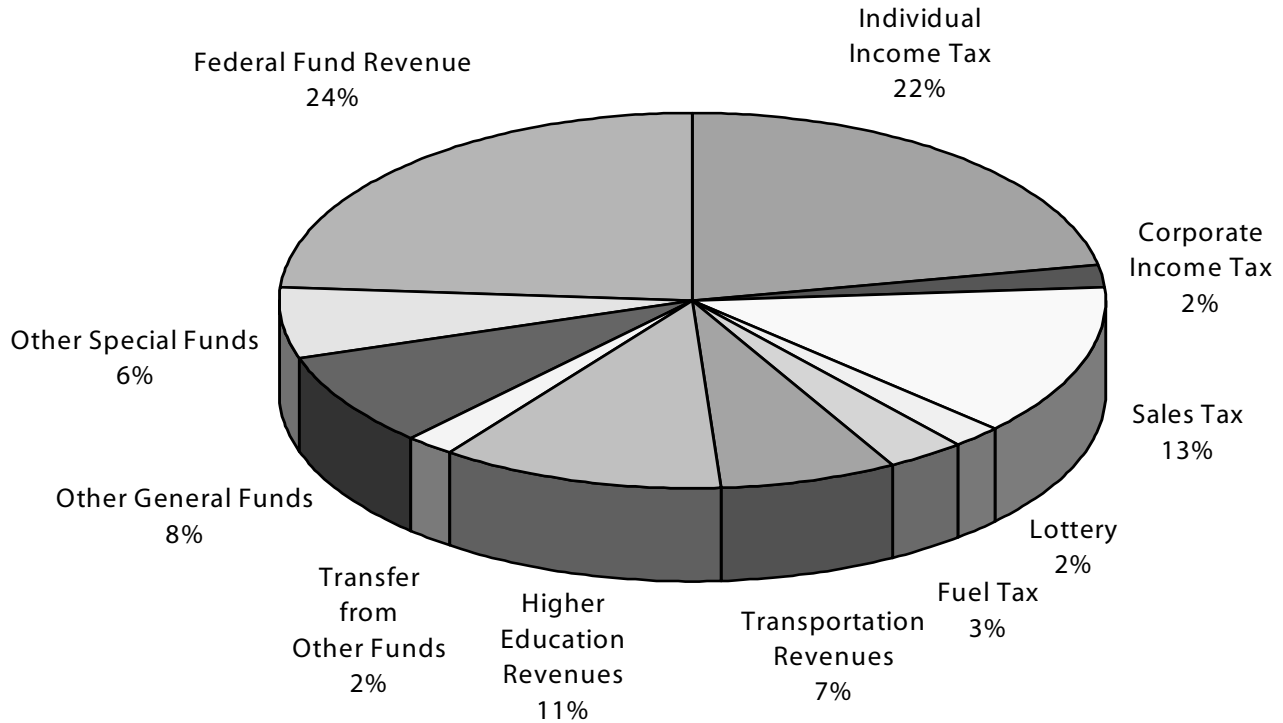
Following enactment of the budget, the legislature acts on bond authorizations, which fund the major part of the capital budget. The legislature may also consider "supplementary appropriations bills" which authorize spending beyond the regular budget. Supplementary appropriation bills must contain a revenue source to support the authorized expenditures and are subject to line-item veto by the Governor. Fiscal year 2004 begins July 1, 2003.

FIVE-YEAR FORECAST

GENERAL FUNDS - \$MILLIONS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Avg. inc.</u>
Balance	74	5	-	-	-	
Revenues	10,489	11,131	11,784	12,382	12,893	5.3%
Fund Transfers	325	202	-	-	-	
Total Sources	10,887	11,338	11,784	12,382	12,893	4.3%
Education Aid	3,406	3,767	4,158	4,592	5,085	10.5%
Other Local Aid	478	464	479	493	506	1.4%
Medicaid	1,915	2,119	2,273	2,407	2,552	7.4%
Other Entitlements	267	270	272	274	277	0.9%
Debt Service	187	224	272	299	212	3.2%
Other Mandated	512	527	550	574	592	3.7%
State operations	4,139	4,340	4,403	4,515	4,595	2.6%
Payments to Reserve	-	35	5	5	-	
Capital	13	51	88	87	86	60.4%
Reversion	(35)	(25)	(25)	(25)	(25)	
Total Uses	10,882	11,772	12,475	13,221	13,880	6.3%
Ending Balance	5	(434)	(691)	(839)	(987)	
"Rainy Day" Fund Balance	505	562	593	628	663	

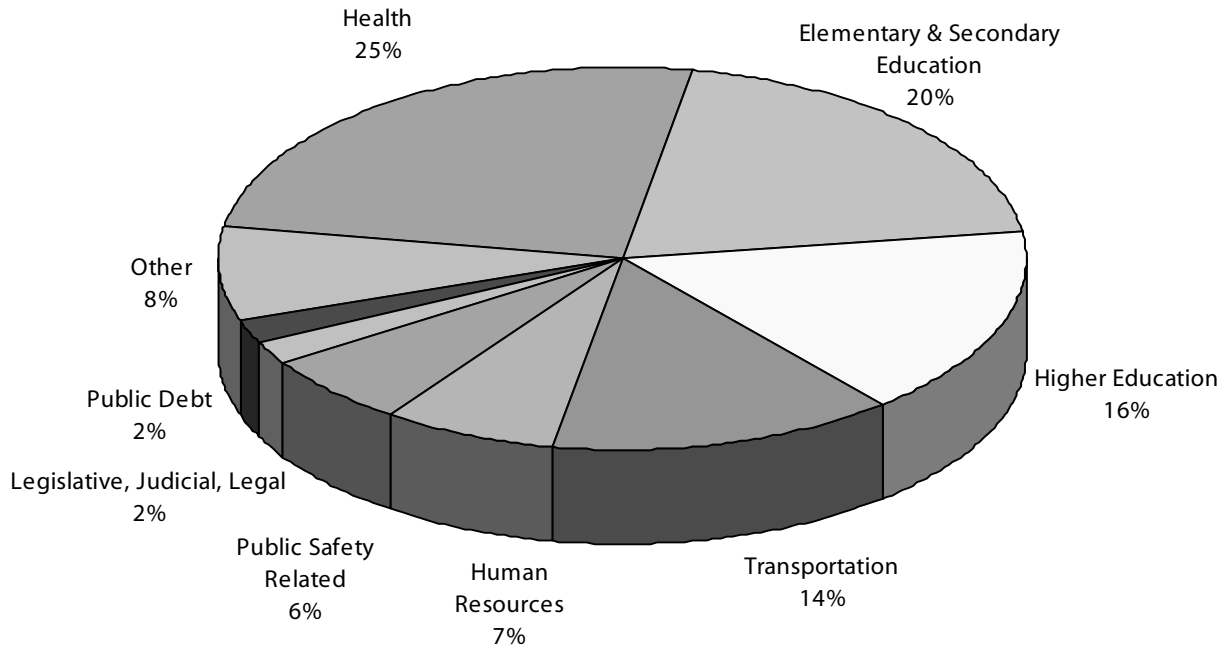
Revenues



Revenues (\$ millions)

	FY 2002	FY 2003	FY 2004	% change '04 over '03
Individual income tax	4,772	4,807	5,082	5.7%
Corporate income tax	359	431	440	2.1%
Sales tax	2,678	2,753	2,875	4.4%
Lottery	465	484	502	3.7%
Fuel tax	704	712	727	2.1%
Transportation revenues	1,449	1,653	1,614	-2.3%
Higher Education revenues	2,092	2,273	2,461	8.3%
Transfer from the Rainy Day Fund	533	249	0	-100.0%
Transfer from other funds	275	456	324	-29.0%
Other general funds	1,390	1,172	1,762	50.3%
Other special funds	1,629	1,940	1,445	-25.5%
Federal fund revenue	4,838	5,212	5,497	5.5%
Total Revenues	21,183	22,142	22,728	2.6%
Changes in general fund balance & reversions	-260	-512	-157	
Total Available	21,443	22,654	22,885	1.0%

Expenditures



Expenditures (\$ millions)

	FY 2002	FY 2003	FY 2004	% change '04 over '03
Health	4,941	5,455	5,770	5.8%
Elementary & Secondary Education	3,904	4,195	4,536	8.1%
Higher Education	3,398	3,605	3,727	3.4%
Transportation	3,004	3,212	3,203	-0.3%
Human Resources	1,514	1,541	1,535	-0.4%
Public Safety Related	1,348	1,386	1,387	0.0%
Legislative, Judicial, Legal	443	461	488	5.8%
Public Debt	512	726	423	-41.8%
Reserve Fund (excludes "Sunny Day")	233	181	0	-100.0%
Other	2,145	1,891	1,816	-3.9%
Total	21,443	22,654	22,885	1.0%

Fiscal Responsibility

Maryland Budget Highlights FY 2004

The budget proposed for fiscal year 2004 is honest and fiscally responsible. It funds government's core functions for the citizens of Maryland while making tough choices.

The new administration has taken office with the state facing some of its greatest financial troubles in history. Revenues for this year will fall \$32 million below last year's total. The nation's economic slump, combined with rapid state spending growth has added up to a dismal set of choices.

Governor Ehrlich proposes to balance the budget, to keep Maryland's commitments to public schools, health care, and law enforcement, and to retain a 5% balance in the state's reserve fund, without increasing taxes. Therefore, to fulfill these promises and to begin establishing an ethic of fiscal responsibility, Governor Ehrlich plans to reduce spending levels, to preserve the available funds for core functions of government, and to utilize new sources of revenue.

A shortfall of \$544 million is projected for the current fiscal year 2003. In fact, the budget for this current fiscal year, as enacted, backs each dollar of spending with only 90 cents of on-going revenues. The rest is balanced on one-time sources or revenue projections that have turned out to be overly optimistic. Remedial actions taken by the outgoing administration have solved \$155 million of this problem. The remainder has been left for the new Governor and General Assembly to address, with less than half the fiscal year left.

For the upcoming fiscal year 2004, existing revenues fall \$1.3 billion short of meeting the cost of current government services and projected increases for public education, Medicaid and other mandatory expenditures.

Correcting the Current-year's Problem

Spending cuts enacted by the out-going Governor, one week before leaving office, address \$155 million of a \$544 million problem. Governor Ehrlich will complete the necessary adjustments by proposing an ad-

ditional \$82 million in budget cuts and \$371 million in transfers from special fund balances. These actions will provide a prudent general fund balance of \$74 million going into 2004.

Spending Reductions

The 2004 budget proposes \$474 million in spending reductions from the estimated costs of current services. These include substantial reductions to higher education, business development, technology, and employee benefits. However, they preserve critical functions of government for public schools, health, human services, and law enforcement.

1,387 vacant positions will be eliminated, while the budget preserves the jobs of existing employees, with a saving of \$9 million (many of the deleted positions did not have funding in the 2003 budget, and therefore do not translate into savings). Maintaining a freeze on hiring non-essential positions will save another \$26.4 million.

Luxuries, such as the state's twin-engine aircraft are being eliminated, as are various special grants and pilot projects. Examples include eliminating the "Smart Codes Hotline", reducing agricultural marketing, eliminating state funding for the Maryland Technology Academy, and reductions to tourism and business marketing.

Local education aid will increase by \$242 million. In order to resolve, in part, the current fiscal problem, the state will use a small portion

of its Transportation Trust Fund, and will expect local governments to share in this solution. Legislation will redirect \$102 million of transportation funding from local governments to implement this solution.

The budget provides \$14 million of income disparity grants to the neediest local governments and counties whose total aid would otherwise de-



cline. Every county will see an aid increase of at least \$100,000 over the 2003 level.

While the previous administration negotiated for employee compensation increases that would be reasonable under favorable circumstances, this crisis will require the state to hold the line. To avoid job losses for existing state workers, employee pay raises and merit increments are not possible in this budget. In addition, matching funds for deferred compensation plans must be skipped this year. The budget does provide \$115 million in additional funding (all funds) to cover the rapidly increasing cost of employee health benefits, with no increase in the employee's percentage share of health benefit premiums, and no increases in prescription co-pays.

Also, legislation will be proposed for counties to provide a \$10 million reimbursement to the State for a share of the cost of assessing property for purposes of levying local and State property taxes. This represents less than 1/3 of the cost of property assessment, a cost that is borne by local governments in every other state.

The general fund capital budget is funded at \$13 million compared with \$50 million in fiscal year 2003. Capital programs in housing, environment and business assistance will be funded from bond issuances. Bond financing will also be used for open space acquisition, waterway improvement projects and agricultural land preservation. All of the proposed bond financing is managed within the state's established debt affordability limits.

New Revenue Sources

Revenue from video lottery terminals will provide nearly \$400 million towards education and health expense increases. The bulk of this revenue will be up-front license charges assessed against video lottery licensees. The ongoing revenue from the terminals will depend on the details of 2003 enabling legislation. The Governor's proposal would ultimately produce approximately \$800 million annually.

This proposal will recapture for Maryland's citizens money that is already being spent in Delaware and West Virginia. By attracting more visitors, it will restore the racetracks as viable enterprises, revitalizing the communities and improving the health of the state's entire horse industry.

The Governor, working with Comptroller William Donald Schaefer, will introduce legislation to initiate common-

sense improvements in tax administration and compliance. These are projected to increase tax collections by \$57.5 million annually.

Special fund balances totaling \$324 million in fiscal year 2004 will be transferred to the general fund. These transfers will delay some projects related to transportation, technology, communication, waterway projects, and other areas. However, they will provide necessary funding to support the most critical public services while the budget's structural imbalance is corrected.

No tax increases are required to fund the budget.

Managing State Government

Governor Ehrlich will preserve a balance of \$505 million in Maryland's "Rainy Day" reserve fund. This balance is needed to preserve the state's credit rating, and to protect taxpayers and citizens dependent on state services against any further revenue shortfall.

New initiatives and expanded services will require aggressively seeking funding sources. Federal grants are a source that Maryland can better exploit. The budget provides for the creation of a Governor's Grants Office from existing funds. Operating on a model successful in Texas, this office will assist state agencies in identifying federal grant opportunities and obtaining new funds.

Budget Forecast

The Department of Budget and Management prepares a five-year forecast of the state general fund. The forecast shows that education aid and Medicaid expenses greatly outpace revenue growth. The spending reductions and new revenues in this budget have greatly reduced the size of the projected shortfall. But the gap still is projected at over \$400 million in 2005, growing to nearly \$1 billion in fiscal year 2008. These projected deficits cannot be allowed to become reality.

Over the coming year, managers, experts and citizens will examine every agency of state government in top-to-bottom efficiency reviews to identify further savings. The State's "Managing for Results" process will be a big part of these reviews. The tools of strategic planning and performance measurement will help identify the concrete goals of government programs and assess what is working and what is not. The new administration will require state programs to provide regular reports of the results achieved for citizens, and will hold agencies accountable for their performance.

Health

Maryland Budget Highlights FY 2004

Improving the delivery of health care to Marylanders is a top priority for Governor Ehrlich. Accordingly, in spite of these austere fiscal times, the health budget for FY 2004 increases by \$379 million, a 7% increase from fiscal year 2003.

Health is the second-largest component of Maryland's budget, exceeded only by Education. Maryland must confront major health issues that are common throughout the country such as: expanding access to health care including prescription drugs; addressing the state's endemic drug and alcohol abuse; and protecting the public health against threats from terrorism. The state's health budget addresses these issues by funding basic health coverage to low-income and uninsured citizens, by expanding access to prescription drugs, by treating vulnerable patients in state institutions and community programs, and by providing basic public health services.

Expanding Access to Health Care

In partnership with the federal government, Maryland funds and manages "Medicaid," a comprehensive



medical assistance program, costing \$3.7 billion in state and federal funds. This program finances health care services for needy citizens, including recipients of public assistance payments, children, pregnant women, the elderly, and the disabled. Medicaid covers numerous services necessary to the maintenance of good health. From FY 2003 to FY 2004 expenditures for Maryland's Medicaid program are projected to increase by approximately 9%. Maryland receives a federal match of 50% on most of its Medicaid programs.

Cigarette Restitution Funds the state receives from the settlement of tobacco litigation provide funding of \$106.6 million for the Medicaid budget in FY 2004.

The Children's Health Insurance Program which began in FY 1999 and receives a 65% federal match, has increased the number of children receiving medical coverage under Medicaid by 85% and will cover approximately 124,000 children in FY 2004. Since FY 1999 enrollment for the other Medicaid populations has increased approximately 18%, to an expected total of 502,000 in FY 2004.

Governor Ehrlich also hopes to reduce the number of uninsured Marylanders through the newly established Maryland Health Insurance Plan (MHIP), which will provide medically uninsurable and underinsured individuals with access to affordable health insurance. The MHIP will be an independent unit of State government within the Maryland Insurance Administration, and has received a \$249,000 special fund allowance in the FY 2004 budget.

Prescription Drug Initiatives

Many Maryland seniors have difficulty obtaining adequate prescription drug coverage. Maryland has taken the initiative to help remedy this health care problem.

The Maryland Pharmacy Discount Program replaces the state-only Maryland Pharmacy Assistance Program and significantly expands prescription drug coverage. Whereas the Mary-



land Pharmacy Discount Program and significantly expands prescription drug coverage. Whereas the Mary-

land Pharmacy Assistance Program was financed with state-only funds (\$59.8 million in FY 2002), the Federal government now provides 50% of the cost of the new Maryland Pharmacy Discount Program. This new program, which began on October 1, 2002, will more than double the number of Marylanders receiving discounted prescription drug access.

Effective July 1, 2003, the Maryland Pharmacy Discount Program will be extended to Medicare recipients below 175% of poverty, adding approximately 40,000 people to those already in the Maryland Pharmacy Discount Program and bringing the combined total number of participants to about 98,000 people. These Medicare participants will pay a \$1 fee to the pharmacist and purchase drugs at 65% of the discounted Medicaid rate. The State will pay the 35% difference.

Maryland is also expanding prescription drug coverage through the *Health Insurance Safety Net Act of 2002*, which establishes the Senior Prescription Drug Program for Medicare beneficiaries whose household income is at or below 300% of poverty. The Maryland Insurance Administration will administer the Senior Prescription Drug Program. Those eligible for the Senior Prescription Drug Program may receive up to \$1,000 per year in prescription benefits. This important initiative is expected to serve approximately 30,000 individuals in FY 2004.

Protecting the Public Health

Growing threats from bio-terrorism pose real and significant dangers to the public health. Governor Ehrlich will supplement preventative measures being taken by President Bush with efforts by his own administration to protect the public health of Maryland from such threats. The Department of Health and Mental



Hygiene's fiscal 2004 budget includes \$15 million for disease surveillance and

emergency preparedness in response to the significant danger posed by bio-terrorism and other public health risks. These funds will enhance the ability of the state public health system to detect and respond to acts of bio-terrorism, to operate high-level bio-safety laboratories, and to train public health officials in up-to-date emergency preparation and response. \$3 million will also be provided to the state's 52 acute-care hospitals to develop and enhance their response capabilities through the purchase of medicines and vaccines, personal protection and decontamination equipment, communications technology, and through the performance of biological disaster drills.

The department's public health programs also protect communities by preventing and controlling communicable and chronic diseases, preventing injuries, providing public health information, and promoting healthy behaviors. Funding to local health departments for core public health services remains constant, while funding for public health programs overall declines by \$37.7 million from fiscal 2003 levels. Much of the decline in public health spending occurred in the department's Cigarette Restitution Fund Programs, where funding for cancer prevention, education, screening and treatment and for tobacco use prevention and cessation decreased by nearly \$30 million over fiscal 2003 levels. Wherever possible, reductions have been confined to data-gathering, administrative and public information functions. Reductions will not affect direct care.

Community Services

Maryland Budget Highlights FY 2004

Maryland State government can play a significant role in helping all citizens function well in their community. The Ehrlich Administration is committed to expanding and improving community services.

Several vulnerable populations, including the developmentally disabled, mental health patients, and substance abusers, rely on existing public efforts to help them function normally in their neighborhoods. Allowing these populations to cope with their disabilities in community settings fosters a more unconfined and autonomous lifestyle, which, in turn, makes for more independent citizens. Therefore, Governor Ehrlich will provide funding in the fiscal year 2004 budget to expand community-based services, to address the needs of substance abusers, and to assure quality mental health services.

Expanding Community-Based Services

Under the *Americans with Disabilities Act*, Maryland is required to provide community-based treatment for the disabled when the state's treatment professionals determine that such placement is appropriate, affected persons do not oppose such treatment, and placement can be reasonably accommodated, taking into account the resources available to the state and the needs of others with disabilities. The goals of community-based treatment are to give individuals the opportunity to live close to family and friends, to live more independently, to engage in productive employment, and to participate in community life.

To foster an environment in which people with disabilities have the opportunity for participation and contribution in ways that promote self-determination and choice, Governor Ehrlich has included \$523.6 million in the budget for community-based mental health services, a 12% increase over FY 2003. These programs provide outpatient services, psychiatric rehabilitation, counseling and targeted case management to make alternatives to institutionalization more available.

The Governor is also placing renewed emphasis on funding community services in the most integrated setting possible for the developmentally disabled – those Marylanders with the most severe, indefinite mental impairments. Funding for community services for such individuals increases by \$38.3 million over fiscal year 2003 levels. This increase includes:

- ❑ \$16 million to boost the salaries paid to direct care staff of community providers to improve staff retention;
- ❑ \$4.1 million to respond to emergencies faced by families in crisis;
- ❑ \$6.9 million in continued funding for individuals awaiting community services;
- ❑ \$5.2 million for the Transitioning Youth Program, which assists students with developmental disabilities to transition into post-secondary day and employment services.
- ❑ More than 22,000 developmentally disabled individuals will receive community-based services in 2004.

Maryland has made great strides over the past few years in reducing the number of institutionalized patients. The annual average number of occupied beds in the State's mental institutions has decreased 18% from 1995 to 2003, from 1,700 to 1,384. The funding contained in the fiscal year 2004 budget should help to continue this positive trend and to reduce the number of beds to 1,350. The number of individuals with developmental disabilities receiving services in state residential centers has also declined by 26% from 1999 to 2003, from 584 to 435.

Medicaid "waiver" programs allow funding for services that are outside the traditional boundaries of Medicaid including services in the community. In FY2004 funds will be provided to expand the Older Adults Waiver, which provides nursing home eligible individuals the option of remaining in the community rather than moving into a nursing home, so that the program may serve an additional 1,000 individuals at any one time and increase the total capacity of this waiver to service for 4,135 individuals.

Another waiver, for those with traumatic brain injury will also be implemented during FY 2004, and will allow Medicaid-eligible individuals to receive needed services in the community.

Substance Abuse Treatment

Maryland continues to be plagued with the problems stemming from substance abuse. In addition to the public health complications that develop from the abuse of controlled substances, the State is suffering from the daily criminal activity that keeps the supply of illegal drugs available. The Alcohol and Drug Abuse Administration of the Department of Health and Mental Hygiene is charged with the responsibility of establishing and servicing a comprehensive alcohol and drug abuse service delivery system. Through this agency, the Governor plans to better attack the demand side of the drug market, thereby decreasing Marylanders' desire for these dangerous and unhealthy substances. The budget includes \$136.5 million for alcohol and drug abuse treatment, including \$12 million for the Substance Abuse Treatment Outcomes Partnership (STOP). This amount represents a substantial increased commitment over spending levels in prior years. Consistent with Governor Ehrlich's emphasis on improved drug treatment services, the FY 2004 budget for substance abuse treatment is 20% greater than the amount spent in FY 2002 and 82% greater than what was spent in FY 2000.

Assuring Quality Mental Health Services

Maryland law provides that it is the policy of the State to foster and preserve the mental health of its citizens to the best of its ability and to provide without impartiality care and treatment to citizens who have mental disorders.

Governor Ehrlich is placing a renewed emphasis on the quality of State services for those in need of mental health services by increasing the State's funding to mental



health programs. In FY 2004, \$36 million has been added to fund community services for Medicaid eligible individuals. It is expected that more than 95,000 individuals will receive mental health services in FY 2004 because of such funding. In addition, \$1.9 million has been included to fund the 3-year DHMH-DJJ Plan for enhanced mental health services to juveniles in Maryland's juvenile justice system.

Since implementation of the fee-for-service system under the Public Mental Health System in FY 1998, Maryland has provided mental health services to those not eligible for Medicaid. From FY 1998 through FY 2002 Maryland provided virtually unrestricted mental health services with State-only funds to those not eligible for Medicaid. The practice was to serve all in need and determine funding needs later, which resulted in recurring fiscal problems for the Mental Hygiene Administration.

During FY 2002, with fewer State funds available, Maryland found it necessary to put restrictions on non-Medicaid eligible individuals requesting mental health services. During its 2002 session, the General Assembly determined that the fee-for-service system would be replaced by a grants and contracts system for non-Medicaid ("gray area") services, thus limiting the amount of funding for non-Medicaid services. The implementation of the grants and contracts system is gradually being phased in throughout FY 2003, and should be fully implemented by FY 2004. In order to deal with the expected shortfall in the Mental Hygiene Administration community services budget, a FY 2003 \$30 million general fund deficiency is included in the budget.

Public Safety & Law Enforcement

Maryland Budget Highlights FY 2004

Law enforcement and ensuring the public's safety remain core functions of our State government. However, Maryland's government can perform these functions more effectively.

According to a year 2000 survey recently released by the Federal Bureau of Investigation (FBI), Maryland ranks 3rd in the nation in the number of murders committed, and remains 1st nationally in robberies. Drugs continue to infiltrate Maryland, destroying the health of our citizens while feeding criminal activity.

In response to this situation, Governor Ehrlich and the new administration will be implementing a comprehensive approach to crime reduction in Maryland. This approach will encompass better crime prevention efforts, more successful apprehension of criminals, fair but speedy adjudication and punishment through incarceration. This budget begins this process by funding programs aimed at addressing youth criminal activity, supporting our police forces, expanding access to the criminal justice system, and incarcerating adult offenders found to be guilty. Altogether, public safety-related budgets increased by nearly \$12 million in general funds, a 1% increase from fiscal year 2003.

Crime Prevention: Effective Juvenile Services

In order to prevent the commission of future crimes, Maryland must construct a strong juvenile services program that effectively addresses the educational, social and emotional needs of our troubled youth. Despite the State's austere fiscal conditions, improvements and reforms in the State's juvenile services represent some of the largest new funding initiatives in the 2004 budget. In total, these initiatives provide \$3.5 million for the Department of Juvenile Justice. Another \$7.5 million will be allocated to the Maryland State Department of Education (MSDE).

The Department of Juvenile Justice (DJJ), as it currently exists, provides programs for the treatment and supervision of juvenile offenders, including "detained" youth who are awaiting court disposition, "committed" youth who have been placed in the Department's custody by a juvenile court and youth under community supervision. DJJ programs are housed in both secure institu-

tions and community-based facilities operated by DJJ itself or contractors.

The fiscal year 2004 budget includes funding for structural reforms within the existing DJJ to begin the process of making the agency more responsive to the needs of troubled youth. No juvenile services child should be left behind due to unequal educational services. Consequently, the task of educating troubled youth should be assigned to the administrative agency specializing in the education of every other Maryland child. \$7.5 million is included for the Maryland State Department of Education to assume educational responsibilities at the Charles H. Hickey School as a first step in the process of educational reform. Furthermore, \$1 million is included to fund revised intake and detention guidelines, to hire more case managers, to implement new assessment tools, and to execute additional management reforms in the juvenile services system.

Moreover, the budget funds several new initiatives aimed at providing more effective juvenile services. These include:

- ❑ \$500,000 to create a new Assistant Secretary for Minority Justice Services with sufficient support services, to address the disproportionately high minority representation within the population at DJJ institutions and ensure children of all racial and ethnic backgrounds are treated equally and fairly.
- ❑ \$1 million to enhance mental health services to youth under the Department's care and supervision.
- ❑ \$1 million for a drug treatment and rehabilitation courts initiative. Drug courts, as they are more commonly known, are judicially monitored case management programs that assume responsibility for drug-using defendants through intensive supervision, drug treatment and rehabilitation services. Reducing youth dependence on drugs will help to reduce their

involvement in criminal activity and help them live better, healthier lives. By expanding drug courts, Maryland's local jurisdictions will be well positioned to apply for federal grants available from the United States Department of Justice, Office of Justice Programs.

In fiscal year 2004 three new Juvenile Justice Centers will be fully operational for 12-months: the Baltimore City, the Lower Eastern Shore and the Western Maryland Juvenile Justice Centers.

Criminal Apprehension: State Police Efforts

Governor Ehrlich will provide Maryland's uniformed officers with the funding and technological support they need to properly enforce Maryland's laws and to protect the public safety. The total budget for the State Police is \$291.5 million. The largest component of the State Police operating budget is the Field Operations Bureau, accounting for \$104.4 million and 1,508 positions. This amount represents a 1.8% increase over the agency's fiscal year 2003 appropriation. The field force operates from 23 barracks and is responsible for traffic control and criminal enforcement. Over \$8 million is budgeted for crime labs in Baltimore, Berlin and Hagerstown to perform forensic and firearm analyses.

Adjudication: Access to Justice

The administration is committed to ensuring that all citizens, regardless of their race, gender or income, have access to a fair trial through legal representation. The budget includes \$2.9 million for the Office of the Public Defender to add 35 new attorneys and 24 support positions. These funds are part of a three-year initiative to reduce the Public Defender's caseloads to a number closer to the American Bar Association's standard. This initiative will enhance the quality of the representation received by citi-



zens in need of the Agency's services, reducing the likelihood of future dismissals and appeals due to inadequate representation. The Office of the Public Defender budget also includes full-year funding of additional staff associated with the Baltimore City Homicide and Handgun prosecutions, and the operation of additional courtrooms in South Baltimore City, Montgomery County and the Baltimore City Juvenile Justice Center.

Adult Incarceration: Keeping the Public Safe

The adult population in the Maryland State correctional institutions continues to grow. The current projection of 28,350 inmates in fiscal year 2004 represents an increase of 2% above fiscal year 2003. To address this need, the Department of Public Safety and Correctional Services budget will include \$789 million in general funds, a \$6.5 million increase, or 0.8% above fiscal year 2003. This amount helps to remedy several problems that have been developing over the past few years.

Due to the rise in the prison population, many of Maryland's institutions are facing problems with overcrowding. The Baltimore City Detention Center's budget will be increased by \$1.5 million in fiscal year 2003 budget to address some of the crowding. This funding will continue at an increased amount in fiscal year 2004. Funding of \$601,000 is also provided to the Maryland Correctional Institution for Women to re-open a 92-bed housing unit. This newly opened unit will also help to alleviate pressure in the women's section of the Baltimore City Detention Center.

The Maryland State prison system will continue to receive a substantial amount of funding. \$726.4 million is included in the fiscal year 2004 budget to operate the State's 27 correctional facilities through the Division of Correction, the Division of Pre-Trial and Detention Services, and the Patuxent Institution. In addition, \$85.3 million is included to supervise the nearly 53,000 offenders on parole or probation status.

Education

Maryland Budget Highlights FY 2004

Education is the largest category of the state's budget, accounting for over 35 percent. Recent education finance law reforms, spurred by the Commission on Education Finance, Equity and Excellence ("the Thornton Commission"), provide the state an opportunity to renew its constitutional commitment to fund public education.

Recent education finance law reforms, spurred by the Commission on Education Finance, Equity and Excellence ("the Thornton Commission"), and the federal "No Child Left Behind" enhancements, provide the State an opportunity to renew its constitutional commitment to fund public education. The budget will fully fund the State's commitment to K-12 public education due in part to the fact that the unprecedented levels of higher education spending will be restrained.

Elementary and Secondary Education

During its 2002 Session, the Maryland General Assembly adopted the *Bridge to Excellence in Public Schools Act* (Senate Bill 856), formally accepting the recommendations made by the Thornton Commission. The new law envisions gradual increases in the levels of state formula aid to local school systems between fiscal year 2003 and fiscal year 2008. These increases are intended to shore up the state's obligation in the *Constitution of Maryland* to provide a "thorough and efficient" system of public education. When the *Bridge to Excellence* plan is completely implemented, the state will have provided \$1.3 billion in new education funding by fiscal year 2008.

Governor Ehrlich will fully fund the second year increase in local education aid under the *Bridge to Excellence* legislation. Consequently, in fiscal year 2004, the "Foundation Aid program," the state's main education funding formula, will increase to \$2.02 billion, an increase of \$178.3 million in new state aid to local school systems. This accounts for a 9.7% increase from fiscal year 2003.

Other forms of statutorily mandated education aid to local school systems further demonstrate the State's continued commitment to supporting K-12 public education.

- ❑ The budget contains \$219 million for special education to provide for educational services to students with special needs (\$115 million in special education formula funding and \$104 million in funding for children placed in non-public programs).
- ❑ \$167 million is included as Transportation Grants, to help local school systems with the cost of providing students with transportation to and from school.

- ❑ The budget provides \$38.9 million to supplement the cost of educational services to students with limited English proficiency.

However, simply providing schools with more education aid is not enough. Without other adequate educational inputs including quality teachers and principals and support mechanisms in place, funding increases will be ineffective. Consequently, Governor Ehrlich intends to supplement the new Foundation funding with renewed state support for improved teacher training and retention, and for early reading and school readiness. With these additional supports, Maryland's students will be ready to learn and will have the quality instruction that makes learning possible.

Therefore, the budget includes support for the following discretionary state educational support programs:

- ❑ \$15 million for teacher scholarship programs (e.g. The Sharon Christa McAuliffe Scholarship, the Hope Scholarship for Teachers, and Maryland Distinguished Scholars who chose to teach). Such programs help Maryland's college and university students become Maryland's newest, brightest teachers.
- ❑ Grants to local subdivisions to promote early-reading training among parents, teachers, and librarians, including \$3 million for state-funded Head Start pre-school programs.

With this increased funding comes increased accountability. The *Bridge to Excellence* legislation requires that local school systems submit "comprehensive master plans" to the Maryland State Department of Education no later than October 1, 2003. These plans should detail the ways in which the local school systems intend to improve educational performance in every segment of their student populations. The State Superintendent of Schools will be authorized to withhold funding from those school systems failing to make progress on performance goals or failing to submit an adequate plan.

Charter Schools

Maryland is one of only 13 states in the nation without a charter school law, making it ineligible for millions in federal grants. Charter schools operate with greater flexibility than other more traditional public schools while stressing both higher stan-

dards of student achievement and greater parental involvement. The Governor plans to introduce charter school legislation in the General Assembly during the 2003 session. Upon final passage, such a law would make more federal funding available to Maryland's K-12 education system, thereby helping to ensure that the State's constitutional mandate to provide a "thorough and efficient" system of education is met.

Higher Education

Since 1998, Maryland's higher education institutions have collectively witnessed a growth of 45%. Because the State can no longer maintain this rate of spending growth with available revenues, and also adequately fund K-12 education, higher education funding must be brought back to more sustainable levels.

Therefore, higher education will experience reductions from its original fiscal year 2003 funding level by slightly less than a 7%. In total, this restraint on spending will help to balance the budget by providing an estimated \$112 million in savings. However, this restraint will still allow for higher education institutions to realize much of the new funding they have been receiving since 1998. Even after the 7% reduction, higher education institutions will still have a total fiscal year 2004 allowance of \$898 million. This 2004 allowance still represents approximately 35% growth from the 1998 appropriation.

Maryland's Historically Black Colleges and Universities (HBCU's) are a crucial part of providing higher education services for Maryland's diverse student population. These institutions have a strong history of serving the higher educational needs of



African-American and other minority populations. The budget provides \$51 million in general funds to Morgan State University and \$64.3 million for the three HBCU's of the University System of Maryland (Bowie State University, University of Maryland-Eastern Shore and Coppin State College). Although this represents a reduction of 4% from the original 2003 appropriation, the state funding provided to HBCU's remains high. The fiscal year 2004 allowance for HBCU's remains \$34 million or 42% above the amount provided in 1998.

Moreover, the HBCU Enhancement Fund and the Access and Success Program will receive \$12 million. In addition, consistent with Governor Ehrlich's commitment, \$3 million is in-

cluded to meet the State's match for the Private Donation Incentive Program (PDIP) at HBCU's. These programs have been established to increase the graduation rates, and to help finance capital projects at Maryland's HBCU's.

The Governor is committed to continuing the investment in capital projects at Maryland's higher education institutions, including HBCU's. The following are on-going capital projects that will continue to be funded by the fiscal year 2004 budget:

- ❑ \$49 million to construct a new library at Morgan State University.
- ❑ \$47 million to continue funding of a new dental school at the University of Maryland, Baltimore.
- ❑ \$25.3 million to complete renovations and construct an addition to the Fine Arts Building at Towson University.
- ❑ \$46 million to construct a new research building at the University of Maryland Biotechnology Institute's Center for Advanced Research in Biotechnology.

Community colleges offer an important means for many people to develop their skills, knowledge, and abilities in preparation for further education or employment. The fiscal year 2004 budget includes \$164 million for the funding formula and several smaller programs for Maryland's community colleges. State funding of community college fringe benefits will provide another \$23.8 million.

Additionally, the budget continues to fund non-public colleges in the state providing \$44 million to continue the

State's commitment to these institutions.

Scholarship Programs

Despite the austere budget environment, the Governor is committed to preserving scholarship opportunities for deserving students. Indeed, Maryland's higher education students rely on these programs to finance significant portions of their school expenses. Therefore, the budget provides \$82.6 million for both need-based and merit-based scholarship programs. Funding is sufficient to continue scholarships for all current recipients who remain eligible, and will target new awards towards teacher education programs and programs for students with the greatest financial need.

Maryland's Capital Budget

Maryland Budget Highlights FY 2004

The capital budget totals approximately \$2.6 billion. This amount includes \$987 million for state-owned capital projects as well as capital programs that provide grants and loans to local governments and the private and non-profit sectors for capital improvements supporting state policy objectives such as restoring the Chesapeake Bay. The remainder of the capital budget, \$1.6 billion, is directed to highway projects, mass transit and other transportation improvements.

The general construction portion of the five-year capital improvement program focuses resources on improving educational facilities, protecting the environment, making our communities safer, strengthening and revitalizing communities and creating and retaining high-wage jobs. Proposed spending in each of these areas is described below.

Education

The capital budget provides \$397.3 million to construct new and to improve existing facilities for Maryland's elementary, secondary and post-secondary students. 49% of the state's General Obligation bonds will be used for education. Of this amount, \$239.2 million will fund improvements to academic and research facilities at public four-year institutions of higher education; \$102.6 million will fund new and improved existing facilities for elementary and secondary school students; \$41.3 million will improve academic facilities on 17 community college campuses; and \$14.2 million will create new and improve existing science and research facilities at four private colleges and universities. Funding for major projects is summarized below.

Public Colleges and Universities: Funding to improve academic and research facilities at public four-year institutions of higher education totals \$239.2 million. Major projects include: \$49 million to construct a new library at Morgan State University; \$47 million to continue funding of a new dental school at the University of Maryland, Baltimore; \$46 million to construct a new research building at the University of Maryland Biotech-

nology Institute's Center for Advanced Research in Biotechnology; and \$25.3 million to complete renovations and construct an addition to the Fine Arts Building at Towson University. The remainder of the capital budget in this area includes funds to improve utility systems and design and equip facilities at various University System of Maryland institutions, Morgan State University and at St. Mary's College of Maryland.

Elementary and Secondary Education Facilities: Grants to local school systems to expand and improve educational facilities in each of Maryland's 23 counties and Baltimore City total \$102.6 million.

Community College Facilities: \$41.3 million is provided to improve academic facilities on 17 community college campuses. Major projects include: \$9.6 million to construct a new Arts and Humanities Building at Howard Community College; \$6.3 million to construct a new academic facility for Cecil Community College in downtown Elkton; \$5 million to expand the Student Center at Wor-Wic Community College; \$4.8 million to renovate and construct an addition to the Caroline Center at Chesapeake College; and \$3 million to renovate Joppa Hall at Harford Community College. The remainder of the capital funding for the community colleges will improve aging facilities and building systems and design and equip facilities for various community colleges.

Private College and University Facilities: Private colleges and universities receive \$14.2 million. Specific projects in-

**Maryland's Five-Year Capital Improvement Program
(\$ millions)**

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>5-Year Total</u>
General Capital	986.8	964.4	946.4	1,018.7	944.1	4,860.4
Transportation	1,642.6	1,471.4	1,089.7	875.3	771.5	5,850.5
Total	2,629.4	2,435.8	2,036.1	1,894.0	1,715.6	10,710.9

clude funding for a new research facility for the Johns Hopkins School of Medicine; a new science building at the Johns Hopkins University; a new library at Goucher College; a new academic building at McDaniel College; and the renovation of the Little Italy campus of the Baltimore International College.

Environment

Capital funding for environmental programs focuses on three objectives: reducing the impact of and directing suburban growth by preserving agricultural lands, sensitive plant and wildlife habitat and open space; improving water quality by upgrading water and wastewater infrastructure; and restoring the Chesapeake Bay ecosystem. \$224.6 million is budgeted to meet these objectives, including:

Water and Wastewater Infrastructure: \$92.1 million for the improvement of local drinking water systems and wastewater treatment plants. These improvements will assist state agencies and local governments to ensure that water quality standards are met. The Department of the Environment anticipates lending \$81 million for local water and wastewater infrastructure projects in fiscal year 2004.

Land Preservation Programs: \$95.1 million, including: \$26.6 million for local open space grants; \$24.9 million for the preservation of approximately 6,800 acres of open space through the GreenPrint Program, Rural Legacy Program and Program Open Space; \$10 million to assist Maryland's farmers to produce crops other than tobacco and preserve land in agricultural use; and \$33.6 million for the preservation of an estimated 16,600 acres of productive farmland through the Agricultural Land Preservation Program.

Chesapeake Bay Restoration Programs: \$23.4 million will reduce the amount of point and nonpoint source nitrogen and phosphorous runoff entering the Chesapeake Bay. Of this amount, \$11.5 million has been provided for the Biological Nutrient Removal Program. In addition, \$8.9 million will be used to reduce nitrogen and phosphorous runoff from urban, suburban and agricultural lands. The remaining \$3 million will be used to restore the Bay's once vibrant oyster population.

State Park and Waterway Improvements: \$9.2 million.

Environmental Cleanup and Mitigation Programs: \$4.6 million for environmental abatement projects statewide.

Public Safety and Law Enforcement

In recent years, new prison construction has not kept pace with the population of offenders. Governor Ehrlich's budget refocuses capital investment in public safety. Capital projects to improve the safety of communities consist of state and local correctional facilities, new and improved court facilities,

treatment and detention facilities for at-risk youth and modern facilities for the State Police. The capital budget totals \$123.7 million for the safety of communities, including:

State and Local Correctional Facilities: \$92.1 million. Major projects include: \$32.7 for the construction of a 256-bed housing unit at the North Branch Correctional Institution in Cumberland; \$20.8 million for the construction of a new Support Services/State Use Industries building and utility improvements at the Maryland Correctional Institution for Women in Jessup; \$11.5 million for improvements to local correctional facilities, including \$10 million for the expansion of the Baltimore County Detention Center; \$9.7 million for fire safety and utility improvements to the Patuxent Institution, the Baltimore City Detention Center and the Women's Detention Center in Baltimore City; \$5.3 million for the construction of dormitory facilities at the Public Safety Training Center; \$3.4 million for the construction of a 140-bed minimum security facility at the Eastern Correctional Institution; and \$2.5 million to continue the development of a statewide wireless communication system for state and local public safety agencies. The remainder of the capital funds in this area will construct improvements for the police serving the State Capital in Annapolis and facilities maintenance projects at various correctional facilities.

State Police Facilities: \$29.8 million. Major projects include: \$23.5 million to construct a new crime laboratory for the State Police; and \$6.3 million to construct a new police barrack in Easton and design a new barrack in Hagerstown.

Juvenile Facilities: \$1.8 million to provide additional residential treatment facilities for at-risk youth and to demolish several facilities at the Cheltenham Youth Facility in Prince George's County.

Community Investment

Through various neighborhood conservation initiatives, the administration focuses capital investments on projects that strengthen and revitalize communities. The capital budget includes \$139.9 million for grants to local governments and non-profit organizations, with major areas of emphasis including:

Community Hospitals and Health Facilities: \$28.5 million is included for health-related capital projects including hospitals and facilities that provide care and/or treatment for physically, mentally and emotionally disabled individuals, the elderly and individuals recovering from substance abuse.

Community Revitalization Grants: \$28.8 million. Of this amount, \$9 million is for various ongoing revitalization efforts in the City of Baltimore; \$8.6 million is for the Community

Maryland's Capital Budget

Maryland Budget Highlights FY 2004

Legacy Program, which provides grants to older communities for acquisition or rehabilitation of housing, mixed use and mixed income redevelopment, community centers, public improvements in commercial and residential areas, parking lots and other public infrastructure projects that will encourage the redevelopment of commercial and residential areas; \$8.4 million is for federal Community Development Block Grants; and \$2.8 million goes to the Neighborhood Business Development Program, which provides grants and loans to businesses for community-based economic development activities.



Housing Programs: \$45 million will be spent on grants and loans to local governments and non-profit organizations for projects that will provide affordable housing and encourage homeownership. Of this amount, \$27.2 million has been provided for rental housing programs; \$7.6 million for homeownership programs; \$1 million to assist families in need of temporary transitional housing; and \$9.2 million for other housing-related programs, including \$1 million for lead paint abatement in Baltimore City.

Historical and Cultural Attractions: \$37.6 million is allocated for various historical and cultural attractions. Major grants include: \$6.4 million to assist Montgomery County with the construction of the Strathmore Hall Performing Arts Center; \$3.5 million for the redevelopment of the Baltimore Zoo; \$3 million for the expansion of the Maryland Science Center; \$3 million for the renovation of Camden Station, which will include space for the Babe Ruth Museum; \$2 million for Ocean City beach maintenance; \$1.7 million to equip the Maryland Museum of African American History and Culture in Baltimore City; and \$1.5 million to expand the National Aquarium in Baltimore. The remainder of the funding is primarily for capital projects sponsored by individual legislators, also known as legislative initiatives or bond bills.

Business and Job Creation

Capital funding for economic development programs and projects focuses on two objectives: business attraction and retention and revitalization of economically stagnant or dis-

tressed areas. The capital budget contains \$65.5 million to meet these objectives, \$62.5 million of which will be managed by the Department of Business and Economic Development. Capital spending by objective includes:

Business Attraction and Retention Activities: \$57.5 million for economic development financing programs. Of this amount, \$3 million will be used by the Maryland Technology Development Corporation to encourage

business incubation and the transfer of university-sponsored research to the private sector for commercial development.

Economic Revitalization Activities: The budget includes \$8 million to revitalize economically stagnant or distressed areas through the One Maryland Program.

Other Projects

The capital budget includes \$38.5 million for miscellaneous projects. These projects include state government infrastructure construction, maintenance and/or renovation projects and other local projects. Of the \$38.5 million, \$9.4 million will replace previously appropriated general fund pay-as-you-go (PAYGO) with general obligation bonds for several local capital grants that received funding in fiscal years 2001 and 2002. Highlights of funding in this area include:

Capital Maintenance: \$16.3 million for facilities maintenance at state-owned and operated facilities statewide, excluding capital facilities maintenance at institutions of higher education. The University System of Maryland, Morgan State University and St. Mary's College of Maryland receive separate appropriations totaling over \$15 million for capital maintenance projects.

Statewide High Speed Data Network (also known as net.work.Maryland): \$5 million to continue construction of a portion of a statewide high speed data network, which will improve communication between and link the state's colleges and universities, community colleges, elementary and secondary schools, libraries, hospitals, businesses and state and local government offices.

General Capital Improvement Program Fiscal Year 2004
(\$ millions)

	General Obligation Bonds		General Funds	Revenue Bonds	Other	Total
EDUCATION						
Public Colleges & Universities	206.1			33.1		239.2
Public School Construction	100.2				2.4	102.6
Community Colleges	41.3					41.3
Private Education Facilities	14.2					14.2
Subtotal	361.8	49%	0.0	33.1	2.4	397.3
ENVIRONMENT						
Land Preservation	72.2				22.9	95.1
Water and Wastewater Infrastructure	19.2				72.9	92.1
Chesapeake Bay Restoration	23.4					23.4
Environmental Cleanup	4.6					4.6
State Park Improvements	1.1				3.5	4.6
Waterway Improvements					4.6	4.6
Subtotal	120.5	16%	0.0	0.0	103.9	224.4
PUBLIC SAFETY AND LAW ENFORCEMENT						
Public Safety & Corrections	78.5				2.1	80.6
State Police	29.8					29.8
Local Jails	11.5					11.5
Juvenile Justice	1.8					1.8
Subtotal	121.6	16%	0.0	0.0	2.1	123.7
COMMUNITY INVESTMENT						
Housing	22.9				22.1	45.0
Historical and Cultural Attractions	33.8			1.5	2.3	37.6
Community Revitalization Projects	17.6				11.2	28.8
Community Health Facilities	28.5					28.5
Subtotal	102.8	14%	0.0	1.5	35.6	139.9
BUSINESS & JOB CREATION						
Economic Development Programs	8.5		13.0		44.0	65.5
Subtotal	8.5	1%	13.0	0.0	44.0	65.5
OTHER PROJECTS						
Previously Funded PAYGO Projects	9.4					9.4
Facilities Maintenance	16.0				.3	16.3
Other	10.8				2.0	12.8
Subtotal	36.2	5%	0.0	0.0	2.3	38.5
TOTAL	751.6		13.0	34.6	190.1	989.3
Less: Deauthorizations	(2.5)					(2.5)
Net New GO Bond Authorization	749.1		13.0	34.6	190.1	986.8
Less QZABs	(9.1)					
Amount Subject to Debt Limit	740.0	100%				

Note: Totals may not add due to rounding.

Capital Budget for Transportation

Maryland Budget Highlights FY 2004

The proposed capital budget for Department of Transportation projects is \$1.6 billion. The budget builds and maintains the entire range of transportation infrastructure including roads, motor vehicle facilities, mass transit, the Port of Baltimore and airports.

The transportation capital budget is divided into five operating units as well as the Secretary's Office and the Washington Metropolitan Area Transit Authority (WMATA). The transportation capital program by unit through fiscal year 2008 is summarized on the following page.

The capital program is funded through state sources, federal aid and a few other sources. The state sources consist of taxes, fees, operating income over and above what is required to pay the operating costs of the department and bonds. State sources make up \$777.6 million of the capital budget, or 47% of the total, and federal aid for highways, mass transit and aviation makes up \$664.1 million, or 41%. The federal aid estimates do not include funds (\$142 million) that are received directly by WMATA on behalf of Prince George's and Montgomery counties. Other sources of funding, including airport user fees such as passenger facility charges (PFC) and customer facility charges (CFC), comprise \$201 million or 12% of the transportation capital budget.

The Secretary's Office

The capital budget for the Secretary's Office is \$42.1 million. Most of this funding is for projects geared toward reducing vehicle emissions in order for the State to remain eligible for federal transportation funding.

State Highway Administration (SHA)

- Highway projects make up \$846.5 million, the largest share of the capital program for transportation. The SHA capital program is funded with \$464.8 million in federal aid and \$381.7 million from state sources. Major projects by region include:
 - **Western Maryland:** \$2.7 million for construction of the Allegheny Highland Trail in Allegany County, \$3.0 million for resurfacing I-68 in Garrett County and \$5.2 million for widening and rehabilitation of the I-70 bridge over the Great Tonoloway Creek in Washington County.
 - **Eastern Shore:** \$3.7 million for upgrading MD 404 in Caroline County, \$1.0 million for the replacement of the US 13 bridge over Leonards Mill Pond in Wicomico County and \$4.2 million for the reconstruction of US 113 in Worcester County.

- **Suburban Washington Region:** \$7.2 million for I-70 improvements in Frederick County, \$9.3 million for I-270 improvements and \$30.4 million for US 29 interchange improvements in Montgomery County and \$166.2 million for the Woodrow Wilson Bridge Replacement and \$32.7 million for MD 450 improvements in Prince George's County.

- **Southern Maryland:** \$5.7 million for the MD 5 Hughesville Improvements in Charles County, \$0.5M to study expansion of MD 237 in St. Mary's County and \$1.5 million for the MD 4/MD 260 interchange in Calvert County.

- **Baltimore Region:** \$7.6 million for the relocation of MD 216 in Howard County, \$31.7 million for I-695 improvements and \$17.9 million for the extension of MD 43 in Baltimore County, and \$5.2 million for MD 32 interchanges in Anne Arundel County.

Motor Vehicle Administration (MVA)

MVA's capital budget totals \$17.5 million. Major projects include \$3 million for a new branch office in Montgomery County, \$2 million for a document imaging system, title and registration system and \$4.31 million for a driver licensing point-of-sale system.

Maryland Aviation Administration (MAA)

MAA operates Baltimore/Washington International Airport (BWI) and Martin State Airport. The Administration also provides grants, \$2.1 million in fiscal year 2004, to public use airports around the state. The capital budget for MAA includes over \$200 million to continue the planned major airport expansion program. Major BWI projects include \$87.2 million to renovate concourses, \$15.9 million for a parallel taxiway and aircraft parking ramp, \$54.8 million for terminal roadway improvements, \$26 million for parking garages and lot expansions and \$26.3 million for a consolidated rental car facility. Also included is \$1.3 million for runway and control tower improvements at Martin State Airport.

Maryland Port Administration (MPA)

The capital budget for MPA totals \$93.6 million. Of this amount, \$32.6 million is for projects related to dredging the Port of

Baltimore, which is critical to the Port's ability to handle new larger super tankers, \$15 million to develop additional warehouse space, and \$14.3 million to rehabilitate berths 1-6 at the Dundalk Marine Terminal.

Mass Transit Administration (MTA)

The MTA's fiscal year 2004 budget totals \$255.1 million, with \$147.7 million, or over 58% coming from federal sources. Major projects include:

- ❑ MARC commuter rail improvements of \$2.7 million for a mid-day storage facility at Union Station, \$1.0 million for relocation of MARC and improvements to the Silver Spring Transit Center and \$1.7 million for parking and other improvements at the Halethorpe station.
- ❑ MTA improvements in the Baltimore area include \$38 million to double track a portion of the light rail system, \$10.8

million to renovate Metro escalators and elevators and \$45.7 million for ongoing Metro equipment and bus replacement.

- ❑ Over \$21.0 million is budgeted to provide assistance to locally operated transit systems around the state.

Washington Metropolitan Area Transit Authority (WMATA)

Capital costs for transit improvements in the Washington, DC metro area total \$92.6 million. This does not include \$141.6 million in federal funds that go directly to WMATA. The state share of construction costs for the Metrorail extension from Addison Road to Largo totals \$28.2 million. An additional \$11.8 million in state funds will go for normal bus and rail car replacement and \$17.5 million in state funds will provide for Metrorail equipment overhaul or replacement.

DEPARTMENT OF TRANSPORTATION

**Total Program - FY 2004 – 2008
(\$ millions)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	Five-Year Total
The Secretary's Office	42.1	18.6	7.8	7.9	8.1	84.5
Motor Vehicle Admin.	17.5	24.3	17.2	15.7	16.0	90.7
Maryland Aviation Admin.(1)	295.2	215.3	95.2	56.0	38.9	700.6
Maryland Port Admin.	93.6	85.1	45.6	43.9	55.3	323.5
Mass Transit Admin.	255.1	281.6	210.3	144.8	94.5	986.3
Wash-Metro Area Transit (2)	92.6	65.5	88.5	85.1	99.5	431.2
State Highway Admin.	<u>846.5</u>	<u>781.0</u>	<u>625.1</u>	<u>521.9</u>	<u>459.2</u>	<u>3,233.7</u>
Total Capital Spending	1,642.6	1,471.4	1,089.7	875.3	771.5	5,850.5
Sources of Funds:						
Special Funds (4)	777.6	737.0	536.1	413.0	382.4	2,846.1
Federal Funds (2)	664.1	649.8	551.2	461.7	388.3	2,715.1
Other Funds (3)	<u>200.8</u>	<u>84.6</u>	<u>2.4</u>	<u>0.6</u>	<u>0.8</u>	<u>289.2</u>
Total	1,642.6	1,471.4	1,089.7	875.3	771.5	5,850.5

1 The Department is using Passenger Facility Charge revenue and Customer Facility Charge revenue to fund several projects identified in this program. The PFC and CFC eligible project costs are included in the totals above.

2 Does not include federal funds received directly by WMATA that are not included in MDOT's budget.

3 No longer includes general funds for Addison Road and Woodrow Wilson Bridge.

4 Includes other funding sources (PFCs, CFCs, COPS, for MAA projects)

Note: Totals may not add due to rounding.

Constitutional Agencies

Maryland Budget Highlights FY 2004

MARYLAND GENERAL ASSEMBLY

The General Assembly is Maryland's legislative authority. Its budget includes the Senate of Maryland, House of Delegates and their staff agencies. The Governor is not permitted to alter the General Assembly's proposed budget.

<u>\$ thousands</u>	<u>FY 02</u>	<u>FY03</u>	<u>FY04</u>	<u>Change 03-04</u>
General Funds	56,702	59,046	60,138	1.8%
<u>Positions</u>				
Authorized	730.0	730.0	730.0	0.0

JUDICIARY OF MARYLAND

The Judiciary of Maryland consists of the Court of Appeals, Court of Special Appeals, District Court System and judicial support functions. Circuit Court judges' salaries are included in this budget, but other Circuit Court costs are local expenses. The Governor is not permitted to alter the Judiciary's proposed budget.

<u>\$ thousands</u>	<u>FY 02</u>	<u>FY03</u>	<u>FY04</u>	<u>Change 03-04</u>
General Funds	258,128	270,397	291,111	7.7%
Special Funds	12,849	13,682	13,219	-3.4%
Federal Funds	1,818	1,865	1,931	3.6%
Total	272,795	285,944	306,262	7.1%
<u>Positions</u>				
Authorized	3,009.8	3,223.8	3,241.8	18.0
Contractual	371.0	390.0	372.0	-18.0
Total	3,380.8	3,613.8	3,613.8	0.0

OFFICE OF THE GOVERNOR

The Office of the Governor includes the Governor, Lieutenant Governor and their immediate staff.

<u>\$ thousands</u>	<u>FY 02</u>	<u>FY03</u>	<u>FY04</u>	<u>Change 03-04</u>
General Funds	8,289	8,712	8,588	-1.4%
<u>Positions</u>				
Authorized	86.5	84.5	84.5	0.0
Contractual	4.0	3.5	3.5	0.0
Total	90.5	88.0	88.0	0.0

SECRETARY OF STATE

The Secretary of State has numerous duties specified by the state constitution and state law. For example, the Secretary of State is responsible for registering charities, supervising the Division of State Documents and processing criminal extraditions.

<u>\$ thousands</u>	<u>FY 02</u>	<u>FY03</u>	<u>FY04</u>	<u>Change 03-04</u>
General Funds	2,496	2,638	2,557	-3.1%
Special Funds	503	493	495	0.4%
Total	2,999	3,131	3,052	-2.5%
<u>Positions</u>				
Authorized	38.6	37.6	34.6	-3.0
Contractual	2.2	2.1	2.6	0.5
Total	40.8	39.7	37.2	-2.5

COMPTROLLER OF THE TREASURY

The Comptroller is a constitutional officer independently elected by the people. The office of the Comptroller collects the state's major revenues, keeps its financial accounts, manages its principal data center and provides general supervision of fiscal affairs.

<u>\$ thousands</u>	<u>FY 02</u>	<u>FY03</u>	<u>FY04</u>	<u>Change</u> <u>03-04</u>
General Funds	67,904	68,595	68,433	-0.2%
Special Funds	14,074	13,939	12,973	-6.9%
Reimbursable	24,964	28,100	25,646	-8.7%
Total	106,942	110,634	107,052	-3.2%
<u>Positions</u>				
Authorized	1,151.7	1,125.7	1,125.7	0.0
Contractual	25.2	28.6	25.4	-3.2
Total	1,176.9	1,154.3	1,151.1	-3.2

STATE TREASURER

The Treasurer is a constitutional officer appointed by the General Assembly. The Treasurer's Office receives and deposits funds, manages the state's investments, manages issuance of state bonds and administers the state's commercial and self-insurance programs.

<u>\$ thousands</u>	<u>FY 02</u>	<u>FY03</u>	<u>FY04</u>	<u>Change</u> <u>03-04</u>
General Funds	4,166	4,036	3,768	-6.6%
Special Funds	483	492	619	25.7%
Reimbursable	22,865	19,415	28,115	44.8%
Total	27,514	23,943	32,502	35.8%
<u>Positions</u>				
Authorized	52.0	53.0	53.0	0.0
Contractual	1.0	0.0	0.0	0.0
Total	53.0	53.0	53.0	0.0

ATTORNEY GENERAL

The Attorney General is a constitutional officer independently elected by the people. The office of the Attorney General provides legal assistance to all state agencies, represents the state in legal actions, and enforces state antitrust, consumer protection and securities laws.

<u>\$ thousands</u>	<u>FY 02</u>	<u>FY03</u>	<u>FY04</u>	<u>Change</u> <u>03-04</u>
General Funds	17,368	17,776	18,085	1.7%
Special Funds	644	1,280	606	-52.6%
Federal Funds	1,275	1,504	1,435	-4.6%
Reimbursable	2,214	2,561	2,522	-1.5%
Total	21,502	23,121	22,648	-2.0%
<u>Positions</u>				
Authorized	260.5	247.5	247.5	0.0
Contractual	3.0	1.2	0.0	-1.2
Total	263.5	248.7	247.5	-1.2

Totals may not add due to rounding.

Department of Agriculture

Maryland Budget Highlights FY 2004

Mission: To provide leadership and support to agriculture and the citizens of Maryland by conducting regulatory, service and educational activities that assure consumer confidence, protect the environment and promote agriculture.

THE MARYLAND DEPARTMENT OF AGRICULTURE (MDA) PROVIDES A VARIETY OF SERVICES AND PROGRAMS TO: PRESERVE ADEQUATE PRODUCTIVE FARMLAND AND CURB RANDOM DEVELOPMENT, PROMOTE LAND STEWARDSHIP AND RESOURCE CONSERVATION, PROTECT THE HEALTH OF THE PUBLIC AND THE HEALTH OF PLANT AND ANIMAL RESOURCES, PROMOTE THE PRODUCTION, SALE AND USE OF MARYLAND AGRICULTURAL PRODUCTS, AND PROVIDE CONSUMER PROTECTION FOR THE CITIZENS OF MARYLAND.

BUDGET HIGHLIGHTS:

The fiscal year 2004 allowance for the Department of Agriculture totals \$81.8 million, a decrease of \$32.5 million or 28.5 percent over the 2003 level that is mainly due to changes in capital expenditures. With capital removed, the allowance is \$49.6 million, a decrease of \$85,516 or 0.2 percent from the 2003 level. The allowance reflects a decrease of 20 vacant positions.

The allowance includes \$33.7 million in operating funds for administration and programs located in the Office of the Secretary, including \$1.3 million for operations related to the Maryland Agricultural Land Preservation Foundation (MALPF), \$19.4 million for the Office of Marketing, Animal Industries, and Consumer Services, \$10.6 million for the Office of Plant Industries and Pest Management, and \$18.1 million for the Office of Resource Conservation. The allowance reflects an additional \$205,571 to offset the lease-purchase costs of financing the migration of MDA's outdated information technology systems to a modern, stable environment.

Within the allowance for the Office of the Secretary, \$27.1 million is provided for the capital acquisition of easements through MALPF, including contributions from the property transfer tax, the agricultural transfer tax, local contributions, and Federal farmland protection funding. This amount may change contingent on enactment of legislation altering the amount of the transfer tax revenues available for this purpose. MDA expects that this funding will allow MALPF to acquire easements on at least 12,600 additional acres of agricultural land, for a cumulative total of 243,917 acres enrolled in the program. Acres of land enrolled in preservation districts, a prerequisite to participation in the MALPF easement program, are expected to increase by 18,000 acres to a total of 435,000 acres in 2004.

MDA's Organic Marketing program was approved as a certifying agency by the U.S. Department of Agriculture under new organic standards that became effective in October 2002. The allowance for the Office of Marketing, Animal Industries, and Consumer Services includes \$151,568 for implementing the new organic certification standards, including funding for marketing studies to assist organic farmers. The allowance also includes a significant increase in anticipated Federal funding to expand Women's, Infants, and Children's and Senior Nutrition programs that provide coupons for use at farmers markets, thereby increasing demand. The allowance reflects a decrease of \$332,000 to some of MDA's marketing programs.

Within the allowance for Forest Pest Management, \$1.1 million is provided for mosquito control activities to reduce human exposure to mosquitoes and to aid control of West Nile and Eastern Equine Encephalitis, primarily in Eastern and Southern Maryland, and \$1.2 million for management of forest pest insects and pathogens, including the gypsy moth.

Within the allowance for the Office of Resource Conservation, \$2.1 million is provided for the nutrient management program, with an additional \$841,127 in funds requested to assist farmers in meeting the requirements of the Water Quality Improvement Act of 1998. In addition, \$6.6 million is provided in bond funding for capital improvements and \$318,416 is provided for implementation of related best management practices under the Maryland Agricultural Cost Share.

The Department of Agriculture comprises less than 1% of the overall State budget.

THREE YEAR SUMMARY	FY 02	FY 03	FY 04	Change
	Actual	Appropriation	Allowance	FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	32.7	29.2	28.8	-1.5%
Special Funds	50.7	68.9	40.6	-41.1%
Federal Funds	3.9	5.6	8.0	43.9%
Reimbursable Funds	12.0	10.7	4.4	-58.8%
Total	99.3	114.3	81.8	-28.5%
 EXPENDITURES: (in millions of dollars)				
Office of the Secretary	48.5	64.6	33.7	-47.8%
Office of Marketing, Animal Industries and Consumer Svcs.	18.2	18.7	19.4	3.5%
Office of Plant Industries and Pest Management	10.6	10.7	10.6	-0.9%
Office of Resource Conservation	22.0	20.3	18.1	-10.8%
Total	99.3	114.3	81.8	-28.5%
 POSITIONS:				
Authorized	480.0	460.0	439.0	-21.0
Contractual	35.7	45.5	50.7	5.3
Total	515.7	505.4	489.7	-15.8

PERFORMANCE MEASURES	FY 2002	FY 2003	FY 2004
	Actual	Estimated	Projected
Agricultural Land Preservation District Acreage	398,990	417,000	435,000
Number of Easements	1,533	1,643	1,749
Easement Acreage	217,817	231,317	243,917
Nutrient Management Plans — acreage filed with MDA	450,000	750,000	900,000
Number of Best Management Practices Installed	1,400	1,200	900
Gypsy Moths — acres treated	39,134	25,000	23,000
Mosquito Control — acres treated with insecticide	1,193,779	1,000,000	1,000,000
Mosquito Control — acres treated with biological insecticide	95,355	75,000	75,000
Agriculture Export Sales (\$ millions)	267	282	230

Totals may not add due to rounding.

Department of Budget & Management

Maryland Budget Highlights FY 2004

Mission: The Department of Budget and Management helps the Governor, State agencies and their employees provide effective, efficient and fiscally sound government to the citizens of Maryland. We support agency efforts to achieve results by helping them obtain the fiscal, capital, personnel and information technology resources needed to provide services to Maryland citizens. We are dedicated to providing advice and assistance with professionalism, state of the art technology, modern management techniques and teamwork.

THE DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) PREPARES THE STATE'S ANNUAL OPERATING AND CAPITAL BUDGETS AND MONITORS THEIR EXECUTION. IT PROVIDES LEADERSHIP FOR STATE INFORMATION TECHNOLOGY PROJECTS, AND MANAGES THE STATE'S TELECOMMUNICATIONS OPERATIONS. DBM ALSO MANAGES AND ADMINISTERS THE STATE'S PERSONNEL SYSTEMS, ADMINISTERS EMPLOYEE BENEFITS PROGRAMS AND COORDINATES TRAINING PROGRAMS FOR STATE EMPLOYEES. THE DEPARTMENT ADMINISTERS THE STATE'S CENTRAL DEBT COLLECTION, MOTOR VEHICLE FLEET MANAGEMENT AND TRAVEL PROGRAMS, PROVIDES PROCUREMENT OVERSIGHT, AND STAFF TO THE COUNCIL ON MANAGEMENT AND PRODUCTIVITY.

BUDGET HIGHLIGHTS:

The allowance for the Department of Budget and Management totals \$74.9 million, a decrease of 4.2% from the fiscal year 2003 appropriation. This decrease is attributable to the reduction of 38.5 vacant positions, cuts in information technology spending and other cost containment actions.

This year, the Department will provide assistance in top-to-bottom efficiency reviews of all agencies, update Maryland's statewide strategic plan and develop a new information technology master plan.

Funding of \$13.2 million has been included to manage and administer the State's personnel system, employee benefit programs and to coordinate employee development and training.

Funding of \$44.7 million is provided for oversight and coordination of state information technology projects, accounting system support and telecommunications operations.

Of the Department's total budget, only \$3.6 million is directly related to budget analysis and preparation. Most of the funding is for information technology and personnel management activities.

In June 2002, MARYLAND.GOV received the distinguished eGov Pioneer Award, which recognizes outstanding E-Government best practice applications that have streamlined operations and improved government services. An enhanced version of MARYLAND.GOV (Release 2), scheduled for January 2003, will provide improved search functionality, site access for disabled users, access to local government content, a more comprehensive online services index and dynamic links to current press releases.

The Department of Budget and Management comprises less than 1% of the overall State budget

"This year, the Department of Budget and Management will provide assistance in top-to-bottom efficiency reviews of all agencies."

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	66.3	38.2	35.4	-7.2%
Special Funds	17.8	17.5	17.3	-1.2%
Reimbursable Funds	19.0	22.4	22.1	-1.5%
Total	103.1	78.1	74.9	-4.2%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	13.5	13.3	13.4	0.5%
Office of Personnel Services and Benefits	21.8	16.3	13.2	-19.0%
Office of Information Technology	64.3	44.9	44.7	-0.5%
Office of Budget Analysis	2.1	2.1	2.2	2.8%
Office of Capital Budgeting	1.5	1.5	1.4	-4.1%
Total	103.1	78.1	74.9	-4.2%
POSITIONS:				
Authorized	517.3	531.3	492.8	-38.5
Contractual	33.2	31.2	24.9	-6.3
Total	550.5	562.5	517.7	-44.8

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
State Operating Budget (\$ billion)	\$21.4	\$22.4	\$22.8
State Capital Budget			
(Excluding Transportation - \$ million)	\$1,518.3	\$1,048.1	\$986.8
Statewide Authorized Positions	81,105	80,816	79,860
Statewide Contractual Positions	8,907	9,133	9,543
Employee Health Plan Enrollment	69,985	71,737	71,737
Monthly Average Maryland Relay Calls	178,521	119,074	119,000
State Performance Measure Index (2001 = 100.0)	101	102	102
Percent of Agency Outcome Objectives Attained	67%	67%	68%

Totals may not add due to rounding.

Department of Business & Economic Development

Maryland Budget Highlights FY 2004

Mission: To stimulate and strengthen the State economy. The Department will develop policies and implement programs that will generate jobs with family-supporting wages and investment by attracting businesses to the State, by facilitating the expansion and retention of existing companies and by promoting Maryland's strategic assets.

THE DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT (DBED) IS THE STATE'S PRINCIPAL AGENCY FOR ASSISTING THE GROWTH OF BUSINESSES AND JOBS IN MARYLAND THROUGH MARKETING, TECHNICAL ASSISTANCE, SPECIALIZED TRAINING AND FINANCIAL INCENTIVES. THE DEPARTMENT ALSO PROMOTES TOURISM, THE ARTS AND FILM AND TELEVISION PRODUCTION.

BUDGET HIGHLIGHTS:

The budget allowance totals \$117.3 million, a decrease of \$20.3 million or 14.8% from the fiscal year 2003 working appropriation of \$137.6 million. The majority of the decrease is reflected in the Division of Financing Programs due to using General Obligation Bonds instead of General Funds to finance some capital projects. The Department will focus its effort on operating more efficiently and effectively as a result of the state of the economy. The Department has abolished 9 vacant positions and some grant funds in various programs. While Maryland has felt the effects of the national economic slump, DBED is well positioned to contribute to the State's economic recovery.

The Division of Business Development continues to promote and market Maryland's assets to corporate decision makers. The FY 04 Budget Allowance totals \$8.8 million, a decrease of \$600,000 from the fiscal year 2003 Working appropriation of \$9.4 million. The division continues to recruit new firms, to encourage existing firms to remain and expand their operations, and to preserve and create jobs. The following companies participated in projects handled by DBED. Projected new or retained jobs for the projects are: Allison Transmission – 400 jobs, Allstate – 625 jobs, Qiagen – 300 jobs, Volvo/Mack Trucks – 1,200 jobs and Morgan Stanley – 150 to 600 jobs.

The Division of Financing Programs fiscal year 2004 Budget Allowance totals \$57.4 million that includes General Funds - \$7.975 million and Special Funds - \$49.3 million. The program will finance some projects with \$7.5 million in General Obligation Bonds instead of using General Funds. The Department also restructured its budget to include \$7.5 million in General Obligation Bonds for the capital finance program, "One Maryland," instead of General Funds. The allowance includes

\$19.225 million for the Maryland Small Business Development Financing Authority – Contract Financing Fund, \$5 million for the Enterprise Fund and \$5.5 million for the Maryland Economic Development Assistance Authority Fund.

The Maryland Technology Development Corporation (TEDCO) has been supported with Special Funds from the Enterprise Fund for the past three years based on the State's commitment to this new venture. This year the operating budget includes \$2 million in General Funds to support TEDCO. TEDCO continues to make strides in bringing together Maryland's universities, Federal laboratories and small technology companies. The Capital Budget also includes \$3 million to support new start-up biotech companies.

Funding for the Maryland State Arts Council grant program increases by \$2.4 million for a total of \$15.2 million. Proposed legislation, however, could reduce the fiscal year 2004 budget to \$12.9 million, an increase of \$122,000 or 1%. These funds provide support to organizations and artists in the performing, visual, and creative arts.

The fiscal year 2004 budget for the State Reserve Fund includes \$3 million for "Sunny Day Fund" grants to be awarded by DBED.

The Department of Business and Economic Development is less than 1% of the overall State budget. Special funds are principally loan repayments and business development funds. Federal funds are used for support of arts education programs. Reimbursable funds are paid by the Department of Transportation for marketing.

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	83.7	75.1	63.7	-15.2%
Special Funds	68.0	61.5	52.7	-14.3%
Federal Funds	0.6	0.5	0.6	6.0%
Reimbursable Funds	0.8	0.5	0.4	-17.8%
Total	153.1	137.6	117.3	-14.8%

EXPENDITURES: (in millions of dollars)				
Office of the Secretary	5.6	5.2	5.2	-1.5%
Division of Administration & Information Technology	3.5	3.5	3.4	-0.4%
Division of Business Development	10.0	9.4	8.8	-6.4%
Division of Financing Programs	85.4	75.1	57.4	-23.6%
Division of Tourism, Film and the Arts	31.3	30.6	29.8	-2.7%
Division of Regional Development	17.4	13.8	12.7	-7.6%
Total	153.1	137.6	117.3	-14.8%

POSITIONS:				
Authorized	324.0	319.0	310.0	-9.0
Contractual	48.7	43.1	41.0	-2.1
Total	372.7	362.1	351.0	-11.1

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
Business Development:			
Jobs Created	14,377	10,000	10,000
Jobs Retained	10,075	6,000	6,000
Export Sales (\$ million)	26.0	27.0	29.0
Capital Investment:			
Total Project Cost (\$ million)	545.5	500.0	500.0
Regulatory and Training Assistance:			
Number of Businesses Assisted	1,188	1,000	1,100
Investment Grants/Technical Assistance (\$ million)	6.6	5.3	5.6
Tourism:			
Total Travel Expenditures (\$ billion)*	9.6	10.3	11.1
Feature Film Productions	3	3	3
National Television Productions	2	2	3

***calendar year estimates**

Totals may not add due to rounding.

Department of Education

Maryland Budget Highlights FY 2004

Mission: To provide leadership, support and accountability for effective systems of public education, library services and rehabilitation services.

THE MARYLAND STATE DEPARTMENT OF EDUCATION (MSDE) DISTRIBUTES STATE AID TO LOCAL EDUCATION AGENCIES, PROVIDES TECHNICAL ASSISTANCE TO LOCAL SCHOOL AND LIBRARY SYSTEMS, SETS STATEWIDE GOALS FOR SCHOOL PERFORMANCE AND MONITORS SCHOOL ACHIEVEMENT. MSDE OPERATES EDUCATIONAL PROGRAMS WITHIN CORRECTIONAL INSTITUTIONS, PROVIDES VOCATIONAL REHABILITATION SERVICES AND CONDUCTS DISABILITY DETERMINATION SERVICES.

BUDGET HIGHLIGHTS:

The allowance for the Maryland State Department of Education totals \$4.49 billion, an increase of \$345.2 million or 8.3% over the fiscal year 2003 appropriation.

The overall increase for all state aid is \$242.1 million over fiscal year 2003. Significant increases in mandated programs include:

- ❑ A \$178.3 million increase in current expense formula funding, the basic "Foundation Aid Program" distributing \$2.02 billion in state aid;
- ❑ A \$211.3 million increase in the compensatory education formula aid for educating economically disadvantaged students.
- ❑ A \$33.9 million increase in the students with disabilities formula aid for students in need of special education services;
- ❑ A \$29.2 million increase in the aid for local employee fringe benefits associated with teacher retirement costs;
- ❑ A \$28.3 million increase in transportation grants for inflation and increased enrollment;
- ❑ A \$4.7 million increase in the limited English proficiency program;
- ❑ A \$3.8 million increase in formula aid for special education students placed in non-public day and residential programs.

State education aid not mandated by major statutory funding formula is budgeted at \$169.3 million, a decrease of \$201.2

million in State general funds and \$47.4 million in special funds. This decrease is a result of 25 separate programs that are being either partially or completely consolidated within the major funding formulas established under the Bridge to Excellence (Thornton) legislation. This legislation will significantly increase the flexibility of the local education agencies to utilize funding that was previously restricted to certain purposes.

Other funding increases/decreases include:

- ❑ \$7.5 million increase for the Hickey School Education Program. The Department is taking over the responsibility from the Department of Juvenile Justice for educating youth offenders. The educational program includes 73 new instructional and administrative staff.
- ❑ Additional Federal funds associated with the new Federal "No Child Left Behind" legislation will be realized in fiscal years 2003 and 2004, although they are not yet reflected in the fiscal year 2003 budget. Other Federal fund increases in fiscal year 2004 include special education, school nutrition and rehabilitation services.
- ❑ \$1.9 million in funding for the Maryland Technology Academy will not be provided due to cost containment action.
- ❑ \$2.0 million in funding for return and diversion of out of state placements is being reduced in the Subcabinet Fund due to cost containment action.

The budget of the Maryland State Department of Education represents 19.6% of the total State budget and 33.2% of the general fund budget. Vocational rehabilitation services are financed mostly with Federal funds.

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	3,081.5	3,263.7	3,646.1	11.7%
Special Funds	91.0	134.2	13.0	-90.3%
Federal Funds	670.3	734.7	818.4	11.4%
Reimbursable Funds	11.8	12.0	12.3	2.6%
Total	3,854.5	4,144.6	4,489.8	8.3%
EXPENDITURES: (in millions of dollars)				
Headquarters	180.0	186.7	203.8	9.1%
Aid to Education	3,572.6	3,851.7	4,178.8	8.5%
Funding for Educational Organizations	26.6	24.2	26.7	9.9%
Subcabinet Fund	75.2	81.9	80.5	-1.7%
Total	3,854.5	4,144.6	4,489.8	8.3%
POSITIONS:				
Authorized	1,362.9	1,439.5	1,427.8	-11.7
Contractual	138.9	121.8	118.8	-3.0
Total	1,501.8	1,561.3	1,546.6	-14.7

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
Enrollment (Basic Current Expense)	803,184	810,502	823,237
Students with Disabilities (Total)	112,325	114,570	116,860
Correctional Education Enrollment	3,107	3,200	3,200
Rehabilitation Services Clients	14,894	15,000	15,000

Totals may not add due to rounding.

Department of the Environment

Maryland Budget Highlights FY 2004

Mission: To protect and restore the quality of Maryland's air, water and land resources, while fostering economic development, safe communities and quality environmental education for the benefit of the environment, public health and future generations.

THE MARYLAND DEPARTMENT OF THE ENVIRONMENT (MDE) PROTECTS THE QUALITY OF MARYLAND'S AIR, WATER AND LAND RESOURCES AND SAFEGUARDS THE PUBLIC FROM HEALTH RISKS ASSOCIATED WITH POLLUTION.

BUDGET HIGHLIGHTS:

The budget allowance for the Department of the Environment totals \$169.4 million, an increase of 4.9% from the fiscal year 2003 appropriation. This increase results from dramatic increases in Federal funds associated with the Department's revolving loan programs. Operating funds within the Department actually decreased from fiscal year 2003 to fiscal year 2004.

Continuing the cleanup of the Chesapeake Bay requires additional reduction of all nutrient and sediment impairments to the Bay. The Biological Nutrient Removal Program (BNR) is one of the most effective options for reducing nutrient loads. The budget includes funding to provide local governments with matching grants to implement BNR technology at 66 wastewater treatment plants. The budget also includes \$1.5 million for Enhanced Nutrient Removal, a continuation of the BNR program, to further reduce the amount of nutrients reaching the Chesapeake Bay. Once these programs are fully implemented, 95% of sewage flows will be treated.

The Department's two major loans programs, the Maryland Water Quality Revolving Loan Fund Program and the Maryland Drinking Water Revolving Loan Program comprise the

largest portion of the budget. Revolving loan funds include Federal grant funds, state matching funds and repayments of prior year loans. There is a \$22.1 million increase in the capital portion of the budget for these programs due to an anticipated increase in demand for loans.

In support of Governor Ehrlich's budget balancing plan, MDE abolished 57 positions. Other budget balancing initiatives include the deferral of several information technology projects as well as operating reductions across the Department.

The Department continues to utilize Federal funds to a great extent, primarily grants for water quality from the Environmental Protection Agency (EPA). In addition, special funds include user fees dedicated to environmental purposes such as inspection and compliance assistance.

The Department of the Environment comprises less than 1% of the overall State budget. Federal funds are principally EPA grants for water quality. Special funds include user fees dedicated to environmental purposes. Revolving loan funds include federal contributions and repayments of prior year loans to local governments.

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	57.5	50.5	42.0	-16.9%
Special Funds	139.3	81.0	60.9	-24.7%
Federal Funds	20.8	25.4	62.0	143.9%
Reimbursable Funds	4.3	4.5	4.5	-0.4%
Total	221.9	161.4	169.4	4.9%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	131.1	61.6	74.8	21.4%
Administrative and Employee Services Administration	11.6	7.5	7.4	-1.1%
Water Management Administration	27.2	30.8	30.4	-1.4%
Technical and Regulatory Services Administration	15.5	18.3	17.1	-6.4%
Waste Management Administration	19.6	25.2	22.4	-11.3%
Air and Radiation Management Administration	13.3	14.0	14.0	-0.1%
Coordinating Offices	3.5	4.0	3.3	-16.4%
Total	221.9	161.4	169.4	4.9%
POSITIONS:				
Authorized	1,028.0	1,032.0	975.0	-57.0
Contractual	32.3	47.6	43.1	-4.5
Total	1,060.3	1,079.6	1,018.1	-61.5

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
Percentage of Marylanders served by public water systems in significant compliance	99%	97%	97%
Lake Acreage/Stream Mileage of water bodies for which fish or crab consumption advisories were issued	29,008/272	29,008/300	29,008/310
Percentage of inspected surface water sites/facilities (state and National Pollutant Discharge Elimination System) in significant compliance	98%	98%	98%
Percentage of Lead- Tested Children with "poisoned" levels	0.4%	0.4%	0.3%
% State Population in areas not meeting air quality standards	89%	89%	89%
Number of acres in the Voluntary Clean-Up Program completed	299	250	250

Totals may not add due to rounding.

Department of General Services

Maryland Budget Highlights FY 2004

Mission: The Department of General Services (DGS) serves Maryland and its citizens by supporting other state agencies in achieving their missions. The department performs a variety of functions, including planning, design, and construction management; facilities maintenance; procurement of goods and services; receipt and distribution of excess property; and provision of real estate services. Through these activities, DGS addresses the need for: facilities that are safe, secure and function as needed; buildings, materials and services that help other state agencies achieve their objectives; and departmental actions that support social and economic goals important to the state. In all our undertakings, timeliness and cost-effectiveness are essential.

THE DEPARTMENT OF GENERAL SERVICES PROVIDES TECHNICAL EXPERTISE AND SUPPORT SERVICES FOR MOST STATE AGENCIES. DGS OPERATES AND MAINTAINS FACILITIES AROUND THE STATE; MANAGES THE DESIGN, CONSTRUCTION AND RENOVATION OF PUBLIC IMPROVEMENTS; PROVIDES REAL ESTATE SERVICES INCLUDING THE SALE AND PURCHASE OF PROPERTY, AND LEASING; MANAGES THE CENTRALIZED PROCUREMENT OF COMMODITIES AND EQUIPMENT; PROVIDES DIGITAL IMAGING, GRAPHIC ART WORK, MICROFILMING, PHOTOCOPYING, RECORDS STORAGE, MAIL AND COURIER SERVICES; PROVIDES OVERSIGHT IN THE AREAS OF FIXED ASSET AND INVENTORY MANAGEMENT; ACQUIRES SURPLUS FEDERAL PROPERTY AND DISTRIBUTES IT TO QUALIFIED DONEES FOR A SERVICE FEE; AND ACCUMULATES SURPLUS STATE PROPERTY WHICH IT SELLS.

BUDGET HIGHLIGHTS:

The allowance for the Department of General Services (DGS) totals \$79.1 million, a decrease of 2.9% in total funds from the fiscal year 2003 appropriation. The reductions primarily result from statewide cost containment strategies. DGS reduced funding for the statewide facilities maintenance fund as well as discretionary operating costs, eliminated equipment and vehicle purchases, and abolished 37 positions.

Funding of \$48.5 million has been included to provide for the operation, maintenance, safety, and security of buildings and grounds under the jurisdiction of DGS. This includes management of contract services relating to the operations of the facilities. Also included in this amount is \$13.3 million associated with providing security services by 238.5 security staff as well as outside contract security services to DGS managed facilities. Services will be provided for the new Silver Spring District Court/Multi-Service Center that will be opening during fiscal year 2004.

Funding of \$9.6 million is provided for professional management and technical services for State agencies in the planning, budgeting, design, construction, and maintenance of State facilities. These funds also support other State agencies

in administering the Community College and Public School Construction Programs, and other governmental agencies and non-profit entities by administering the Capital Grants and Loans Program.

Funding of \$2.4 million is utilized by the Office of Real Estate for the acquisition and disposition of real property interests serving the specific using agency's mission, for the protection of the legal interests of the State, and for ensuring that a reasonable value is obtained for the State and its citizens in real property transactions.

Funding of \$3.3 million is associated with the provision of professional and technical support services to using agencies. Services include visual communications and digital imaging, inventory standards and support services, records management, and the Minority Business Enterprise program.

Funding of \$2.9 million is provided for procurement and contracting services to using agencies.

The Department of General Services comprises less than 1% of the overall State budget.

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	52.0	54.6	52.3	-4.1%
Special Funds	2.0	2.5	1.5	-41.4%
Federal Funds	0.6	0.6	0.8	18.2%
Reimbursable Funds	21.5	23.7	24.5	3.3%
Total	76.2	81.5	79.1	-2.9%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	5.3	5.0	4.5	-11.0%
Office of Procurement and Contracting	2.8	2.7	2.9	4.0%
Office of Facilities Operation and Maintenance	50.3	57.6	56.5	-1.9%
Office of Logistics and Special Projects	2.9	3.5	3.3	-7.5%
Office of Real Estate	2.3	2.2	2.4	9.2%
Office of Facilities Planning, Design and Construction	12.6	10.4	9.6	-7.4%
Total	76.2	81.5	79.1	-2.9%
POSITIONS:				
Authorized	793.0	806.5	774.5	-32.0
Contractual	34.7	35.0	33.4	-1.6
Total	827.6	841.5	807.9	-33.6

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
Number of Buildings Maintained	53	55	56
% Construction projects finished within 20 days of schedule	72%	73%	75%
Number of thefts at DGS managed facilities	129	106	106
% Reduction in building BTU/sq.ft.	13.9%	15%	16%
% Reduction in Number of significant system/subsystem failures	25%	31%	31%

Totals may not add due to rounding.

Department of Health & Mental Hygiene

Maryland Budget Highlights FY 2004

Mission: The Department of Health and Mental Hygiene promotes the health and quality of life of all Maryland citizens by: providing health and support services; improving the quality of health care for all; providing leadership in the development and implementation of responsible and progressive health care policy; and advocating for public health initiatives and programs. Maryland's public health is our business.

THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE PROVIDES COMPREHENSIVE HEALTH AND MEDICAL SERVICES FOR THE MEDICALLY INDIGENT THROUGH INSTITUTIONS AND COMMUNITY-BASED PROGRAMS. MEDICAID, THE STATE-ADMINISTERED FEDERAL PROGRAM TO PROVIDE MEDICAL ASSISTANCE TO ELIGIBLE PARTICIPANTS, COMPRISES THE MAJORITY OF THE DEPARTMENT'S BUDGET.

BUDGET HIGHLIGHTS:

The allowance for the Department of Health and Mental Hygiene totals \$5.8 billion, an increase of 7% over the fiscal year 2003 appropriation. 317 vacant positions were eliminated, saving \$12 million in general funds. All budgets within the Department have declined except those for Medicaid, Mental Hygiene Community Services, Developmental Disabilities Community Services, and the Alcohol and Drug Abuse Administration.

The budget includes funds to double the number of individuals covered by the new Maryland Pharmacy Discount Program, which on October 1, 2002, replaced the Maryland Pharmacy Assistance Program. Members covered by the previous program now receive the same pharmacy benefits as Medicaid members, with a \$5 co-payment. On July 1, 2003, this new program will be available to Medicare members with incomes under 175% of the poverty level, allowing them to access pharmaceuticals at 65% of the discounted Medicaid price. Enrollment in the program, including the new Medicare members, is expected to total approximately 98,000. The program will cost \$130 million, with half the funding coming from Federal funds.

The number of children in the Children's Health Insurance Program is expected to increase by 11,000 from 112,400 in fiscal year 2003 to approximately 124,000 in fiscal year 2004. This budget includes \$165 million.

The Medicaid budget totals \$3.7 billion, an increase of \$325 million or 9.4%. This funding will expand the Medicaid Waiver for Older Adults by 1,000 slots in 2004, to a total of 4,135. This waiver allows individuals to receive services in the community rather than in a nursing home.

In fiscal year 2004, the Traumatic Brain Injury waiver will allow ten Medicaid-eligible individuals to be served in the community. Six of the ten, as well as an additional ten state-funded, non-Medicaid brain-injured patients, will move from state institutions to the community.

The Mental Hygiene Administration Community Services program, funded at \$523.6 million in 2004, provides outpatient

services, psychiatric rehabilitation, counseling and targeted case management. A fiscal year 2003 deficiency of \$30 million and an additional \$36 million in fiscal year 2004 are included in the community services budget.

Funding in the fiscal year 2004 budget will serve to reduce the occupied beds in the State's mental institutions from 1,384 in 2003 to 1,350. Total cost of operating the 11 psychiatric facilities will be \$257.8 million in fiscal year 2004.

The number of individuals with developmental disabilities in state residential centers has declined from 584 in 1995 to 435 in 2003. An additional \$1.3 million in the 2004 budget will allow 13 individuals with developmental disabilities to receive services in the community rather than in the State's residential centers.

Funding for community services for individuals with developmental disabilities increases by \$38.3 million. This increase includes \$16 million to boost the salaries paid to direct care staff of community providers, \$4.1 million to respond to emergencies faced by families in crisis, \$6.9 million for individuals awaiting community services and \$5.2 million for the Transitioning Youth Program.

The budget contains \$136.5 million for alcohol and drug abuse treatment, including \$12 million for the Substance Abuse Treatment Outcomes Partnership (STOP).

Funding to local health departments for core public health services remains constant, while funding for public health programs overall declines by 12%, \$37.7 million, from fiscal 2003 levels. The budget includes \$15 million for disease surveillance and emergency preparedness and response.

Cigarette Restitution Funds for cancer prevention, education, screening and treatment, and for tobacco use prevention and cessation decreased by nearly \$30 million. These funds will be used to support the State's Medicaid program.

The Department of Health and Mental Hygiene is 26.2% of the overall State budget.

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	2,693.5	2,837.7	3,015.1	6.3%
Special Funds	218.7	333.4	284.4	-14.7%
Federal Funds	2,029.0	2,222.6	2,470.0	11.1%
Reimbursable Funds	13.1	12.6	15.4	22.4%
Total	4,954.4	5,406.3	5,785.0	7.0%
EXPENDITURES: (in millions of dollars)				
Medical Care Programs Administration (Medicaid)	3,122.7	3,448.3	3,773.9	9.4%
Community Health and Family Health Administration	263.8	304.5	266.8	-12.4%
Mental Hygiene Administration	488.0	474.1	529.8	11.8%
Developmental Disabilities Administration	410.4	457.9	496.2	8.3%
State Psychiatric Hospitals and Regional Institutes	251.5	260.6	257.8	-1.1%
State Residential Cntrs for the Developmentally Disabled	65.9	66.3	65.7	-0.9%
Alcohol and Drug Abuse Administration	112.5	130.0	135.5	4.2%
AIDS Administration	44.9	49.0	48.3	-1.3%
Chronic Disease Hospitals	39.2	42.2	41.4	-1.9%
All Others	155.5	173.4	169.6	-2.2%
Total	4,954.4	5,406.3	5,785.0	7.0%
POSITIONS:				
Authorized	8,554.8	8,211.9	7,894.8	-317.1
Contractual	408.9	507.7	517.4	9.7
Total	8,963.7	8,719.6	8,412.2	-307.4

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
Medicaid Enrollment	464,560	485,600	500,040
Children's Health Program:			
Children at 200 % of Federal Poverty Level	99,956	108,100	116,500
Children at 300 % of Federal Poverty Level	1,316	4,300	7,500
WIC Food Program Recipients	95,913	96,950	99,000
Maryland Primary Care	7,668	8,000	8,000
Newborns Screened	70,005	70,000	70,000
Addictions Clients Served	41,604	48,846	53,295
Mental Hygiene Clients:			
Community-Based	87,257	91,750	95,300
State Hospital (average daily inpatients, includes domiciliary)	1,402	1,430	1,428
Developmental Disabilities Clients:			
Community-Based	20,261	21,082	22,020
State Institutions (average daily population)	466	435	413

Totals may not add due to rounding.

Maryland Higher Education Commission

Maryland Budget Highlights FY 2004

Mission: To coordinate a postsecondary education system comprised of different types of institutions so that they collectively function to enhance the economic development of the State, meet the career training and educational needs of the citizens of Maryland and promote civic responsibility in higher education students and graduates. The Maryland Higher Education Commission (MHEC) provides statewide planning, leadership, vision, balance, coordination and advocacy for Maryland's postsecondary educational institutions and administers state financial aid. This agency's customers are postsecondary education institutions and students.

THE MARYLAND HIGHER EDUCATION COMMISSION ADVISES THE GOVERNOR AND GENERAL ASSEMBLY ON HIGHER EDUCATION POLICY, CONDUCTS STATEWIDE PLANNING FOR HIGHER EDUCATION, AND REVIEWS AND APPROVES MISSION STATEMENTS FOR PUBLIC INSTITUTIONS OF HIGHER EDUCATION. THE COMMISSION ALSO ADMINISTERS STUDENT FINANCIAL AID PROGRAMS, AID TO LOCAL COMMUNITY COLLEGES AND AID TO PRIVATE INSTITUTIONS OF HIGHER EDUCATION.

BUDGET HIGHLIGHTS:

The FY 2004 allowance for the Maryland Higher Education Commission totals \$350.5 million, an increase of 0.2% above the FY 2003 appropriation.

In the administration budget for fiscal year 2004, three positions are abolished in the agency and total operating expenses decrease by \$0.2 million, or 2.8%.

Funding for the majority of financial aid programs remains at historically high funding levels and is unchanged from FY 2003, although total student financial aid will decrease by 8.2%. The major scholarship program reduction occurs in the HOPE Scholarship program, with the exception of the HOPE Teacher Scholarships. Reductions in the HOPE general scholarship program will result in restraining prior years' growth in the State's fastest growing scholarship program.

The Access and Success program and additional Historically Black Colleges and Universities (HBCU) program funding will total \$15.5 million in FY 2004, an increase of 65%. These programs are intended to raise graduation rates, provide matching funds for HBCU fundraising initiatives, and to fund debt service on \$75 million in capital projects at Maryland's four historically black colleges and universities. These initiatives also address the State's partnership agreement with the U.S. Department of Education, Office for Civil Rights.

The Educational Excellence Award (EEA) program, the State's primary need-based award program totals \$39.1 million in FY 2004, and is funded at the same level as in FY 2003. EEA provides grants to full-time undergraduate students from low income and moderate-income families who demonstrate financial need.

Direct aid to community colleges, excluding fringe benefits, totals \$170.6 million, an increase of 2.2% in FY 2004. In addition, aid to community colleges fringe benefits totals \$23.8 million, an increase of \$1.8 million or 8.3%. The increase represents the annual program funding as well as a catch-up provision for unfunded liabilities in prior years.

Aid to non-public colleges and universities increased \$1.0 million or 2.2% and totals \$47.3 million in FY 2004.

The budget continues \$2.1 million in state and federal funding for the College Preparation Intervention program, to help disadvantaged students attend and succeed in college.

The Maryland Higher Education Commission comprises 1.5% of the overall state budget.

"The Access and Success program and additional Historically Black Colleges and Universities program funding will increase by 65% in FY 2004."

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	321.6	334.1	343.6	2.8%
Special Funds	2.8	11.6	2.8	-76.1%
Federal Funds	4.5	3.6	3.6	0.0%
Reimbursable Funds	0.2	0.5	0.5	0.0%
Total	329.1	349.8	350.5	0.2%
EXPENDITURES: (in millions of dollars)				
Administration and Grants	20.6	29.7	26.2	-11.8%
Scholarships	83.8	84.9	82.6	-8.2%
Aid to Community Colleges	178.7	188.9	194.4	2.9%
Aid to Non-Public Institutions	46.0	46.3	47.3	2.2%
Total	329.1	349.8	350.5	0.2%
POSITIONS:				
Authorized	83.6	80.6	77.6	-3.0
Contractual	6.0	3.0	3.0	0.0
Total	89.6	83.6	80.6	-3.0

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
Scholarships Awarded	45,690	44,426	53,328
Average Award (\$)	1,673	1,862	1,726
FTE Enrollment (funding basis):			
State-Operated Institutions (USM, MSU, SMCM and BCCC)	103,114	104,381	106,624
Community Colleges	82,732	86,064	87,355
Private Institutions	34,251	34,765	35,286

Totals may not add due to rounding.

Higher Education Institutions

Maryland Budget Highlights FY 2004

MARYLAND'S HIGHER EDUCATION INSTITUTIONS PROVIDE QUALITY, ACCESS AND DIVERSITY IN ALL ASPECTS OF TEACHING, RESEARCH AND PUBLIC SERVICE. STATE INSTITUTIONS INCLUDE THE UNIVERSITY SYSTEM OF MARYLAND (ENCOMPASSING 11 CAMPUSES AND 2 RESEARCH INSTITUTES), MORGAN STATE UNIVERSITY, ST. MARY'S COLLEGE OF MARYLAND AND BALTIMORE CITY COMMUNITY COLLEGE.

BUDGET HIGHLIGHTS:

The allowance for the Higher Education Institutions totals \$3.4 billion for all funds. This is an increase of 3.7% above the fiscal year 2003 appropriation before FY 2003 cost containment actions, and 6% after reflecting these changes. Within this increase in the total for all funds is a 6.9% decrease in general funds due to the need to constrain the growth in general fund spending. The Administration remains committed to higher education and especially to Historically Black Colleges and Universities (HBCU's). To this end, the general fund reductions to HBCU have been held to 4% as opposed to an approximate 8% cut for non-HBCU's.

The University System of Maryland includes the "flagship campus," the University of Maryland, College Park, that has continued to grow in stature and respect, nationally and internationally. Many of the professional schools at University of Maryland, Baltimore are ranked among the best in the nation. In addition, the University of Maryland Baltimore County, Towson University and the system's other comprehensive higher education institutions have shown marked improvement despite meeting ever growing enrollment demands. Similar accomplishments have been noted at the research institutes, as well as University College that serves both Maryland citizens and the military worldwide.

❑ Morgan State University ranks in the top tier of American public colleges and universities in the number of African-American bachelor's degree recipients who go on to earn doctorate degrees from universities throughout the United States.

❑ Baltimore City Community College provides a much needed educational base to Maryland's major urban /metro area and enthusiastically meets the demands of both students and businesses alike.

❑ St. Mary's College of Maryland continues to improve its reputation as a public honors college and is compared to some of the best in the region and world.

The Administration is committed to improving and upgrading facilities at the State's higher education institutions. To that end, the capital budget includes \$239.2 million in higher education capital projects. Major projects include: \$49 million to construct a new library at Morgan State University, \$47 million to continue funding of a new dental school building at the University of Maryland, Baltimore, \$46 million to construct a new research building at the University of Maryland Biotechnology Institute, and \$25.3 million to complete renovations and construct an addition to the Fine Arts Building at Towson University.

Higher education institutions comprise 14.7% of the overall state budget. Included in other "unrestricted funds" are revenues from tuition/fees, sales and services and other miscellaneous sources. "Restricted funds" involve contracts, gifts and grants and are normally associated with sponsored research, public service or financial aid programs.

BUDGET: \$3.4 BILLION
POSITIONS: 27,679.5

THREE YEAR SUMMARY	FY 02	FY 03	FY 04	Change
	Actual	Appropriation	Allowance	FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	961.3	967.3	900.2	-6.9%
Other Current Unrestricted	1,353.5	1,440.1	1,550.2	7.6%
Subtotal Current Unrestricted	2,314.8	2,407.4	2,450.4	1.8%
Current Restricted	744.4	838.9	917.0	9.3%
Total	3,059.2	3,246.3	3,367.4	3.7%

EXPENDITURES: (in millions of dollars)				
University System of Maryland				
University of Maryland, Baltimore (UMB)	540.4	596.1	630.3	5.7%
University of Maryland, College Park (UMCP)	1,097.9	1,155.4	1,191.4	3.1%
Bowie State University (BSU)	63.8	65.7	70.4	7.2%
Towson University (TU)	228.3	236.3	246.4	4.3%
University of Maryland, Eastern Shore (UMES)	70.3	73.0	73.7	0.9%
Frostburg State University (FSU)	72.8	74.0	74.3	0.4%
Coppin State College (CSC)	48.0	53.2	55.8	4.9%
University of Baltimore (U of B)	62.4	68.2	68.7	0.8%
Salisbury University (SU)	89.5	88.3	90.1	2.1%
University of Maryland University College (UMUC)	173.8	191.5	208.7	9.0%
University of Maryland Baltimore County (UMBC)	265.7	280.4	285.2	1.7%
University of Maryland Center for Environmental Science	34.0	35.0	34.3	-2.0%
University of Maryland Biotechnology Institute (UMBI)	40.6	45.7	43.0	-5.9%
University System of Maryland Office (USMO)	15.8	16.6	16.0	-3.5%
Subtotal University System of Maryland (USM)	2,803.4	2,979.1	3,088.4	3.7%

Other State Universities and Colleges				
Morgan State University (MSU)	149.8	150.7	158.3	5.1%
St. Mary's College of Maryland (SMCM)	39.7	44.0	45.3	2.9%
Baltimore City Community College (BCCC)	66.2	72.5	75.4	4.1%
Total	3,059.2	3,246.3	3,367.4	3.7%

POSITIONS:				
Authorized	21,386.2	21,402.5	21,509.3	106.7
Contractual	6,079.0	5,709.2	6,170.3	461.1
Total	27,465.2	27,111.7	27,679.5	567.8

PERFORMANCE MEASURES	FY 2002	FY 2003	FY 2004
	Actual	Estimated	Projected
FTE Enrollment:			
University System of Maryland (Statewide)	89,672	90,513	92,628
Morgan State University	5,889	6,046	6,230
St. Mary's College of Maryland	1,699	1,785	1,874
Baltimore City Community College (credit & non credit)	6,013	6,161	6,315
Total	103,273	104,505	107,047

Totals may not add due to rounding.

Department of Housing & Community Development

Maryland Budget Highlights FY 2004

Mission: Working with partners, the Department of Housing and Community Development (DHCD) revitalizes communities, encourages home ownership, expands affordable housing opportunities and enhances Maryland's historic sites and traditions by providing resources not available through the private sector. We will achieve our mission by carefully using our financial resources and committing ourselves to fairness and efficiency. The employees of DHCD are dedicated to providing responsive and compassionate service to the people of Maryland.

THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT OPERATES FINANCE PROGRAMS TO SUPPORT THE DEVELOPMENT OF APPROPRIATE AND AFFORDABLE HOUSING, PROMOTES NEIGHBORHOOD REVITALIZATION AND ADMINISTERS HISTORICAL AND CULTURAL PROGRAMS.

BUDGET HIGHLIGHTS:

The allowance for the Department of Housing and Community Development totals nearly \$228 million. The Department's budget will continue to support the State's major efforts to develop neighborhoods and to finance additional housing. Several significant budget initiatives in these and other areas are highlighted below:

- ❑ \$3.75 million is provided for Community Legacy, which offers flexible, innovative resources for local governments working to stabilize or revitalize at-risk neighborhoods. This Smart Growth initiative enables older communities to attract private investment and to overcome the funding gaps and administrative barriers that prevent the effective use of state resources for community revitalization.
- ❑ \$4 million is provided for the Neighborhood Business Development Program. This program encourages Smart Growth by assisting small business development and expansion in urban, suburban and rural communities targeted for revitalization.
- ❑ \$221,000 in funding is included for the Smart Codes Program, which established a uniform Maryland Building Rehabilitation Code. The new code reduces the cost and complexity of improving existing buildings. A comprehensive series of training courses have been developed to assist with the implementation of the code.
- ❑ \$500,000 is included for Self-Help Housing. This program provides technical assistance funds for local governments and non-profit groups that are operating self-help homeownership technical assistance programs.
- ❑ \$138.7 million from the U.S. Department of Housing and Urban Development (HUD) enables DHCD to administer Section 8 housing contracts between HUD and property owners throughout Maryland.
- ❑ \$1.5 million from the U.S. Department of Housing and Urban Development will facilitate DHCD's development of a Multi-family Housing Information System, which will incorporate several business process areas associated with the multi-family housing program. The areas are: Section 8 contract management, bond authority, lending authority, compliance administration, and insurance and asset management.
- ❑ \$2.3 million is provided for the Rental Allowance Program (RAP), which provides monthly rent assistance for low-income families who are homeless or have an emergency housing need. The monthly payments are fixed amounts, depending upon the size of the family and the location of the rental-housing unit in the State. Payments can be received for up to 12 months, and may be extended under special circumstances. \$500,000 of the RAP funds are for the RAP to Work Program which targets families receiving assistance that are moving from welfare to work.
- ❑ \$2.5 million is included for the Homeownership for Individuals with Disabilities Program. The program affords disabled borrowers the opportunity to own a home through reduced interest rate mortgage loans and terms of up to 40 years on existing homes or new construction.
- ❑ \$3.8 million will provide weatherization assistance to eligible low-income households through the installation of energy conservation materials in their dwelling units. These measures both reduce the consumption of energy and the cost of maintenance for these homes. Priority is given to homeowners who may be elderly, disabled, have families with children, and/or have the highest energy consumption. Eligible renters may also apply.

The Department of Housing and Community Development comprises 1% of the overall State budget.

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	46.7	29.5	13.5	-54.3%
Special Funds	45.2	41.7	45.0	8.0%
Federal Funds	118.5	163.2	168.4	3.2%
Reimbursable Funds	1.2	0.3	0.7	145.2%
Total	211.6	234.7	227.7	-3.0%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	6.7	6.3	7.9	26.2%
Division of Credit Assurance	5.2	5.5	5.7	4.7%
Division of Historical and Cultural Programs	12.1	8.5	8.2	-3.8%
Division of Neighborhood Revitalization	44.0	24.1	24.2	0.2%
Division of Development Finance	136.2	181.6	173.9	-4.3%
Division of Information Technology	2.5	4.0	3.1	-22.2%
Division of Finance and Administration	5.0	4.6	4.7	0.5%
Total	211.6	234.7	227.7	-3.0%
POSITIONS:				
Authorized	415.8	424.0	405.9	-18.1
Contractual	48.9	74.9	74.9	-0.0
Total	464.6	498.9	480.8	-18.1

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
Active Loans:			
Single Family/Multi-Family Bond Financed Loans	22,125	22,500	23,000
State-Financed Loans	4,903	5,200	5,500
Neighborhood Business Development Loans	133	150	170

Totals may not add due to rounding.

Department of Human Resources

Maryland Budget Highlights FY 2004

Mission: We will aggressively pursue opportunities to assist people in economic need, increase prevention efforts and protect vulnerable children and adults.

THE DEPARTMENT OF HUMAN RESOURCES PROVIDES INTERVENTION SERVICES TO STABILIZE FAMILIES AND VULNERABLE ADULTS; ENCOURAGES FINANCIAL INDEPENDENCE BY PROVIDING TEMPORARY SUPPORT AND TRANSITIONAL SERVICES, INCLUDING CHILD CARE SUBSIDIES; PROVIDES ECONOMIC SUPPORT FOR CHILDREN THROUGH COURT-ORDERED CHILD SUPPORT; AND PROVIDES FOR THE WELFARE OF CHILDREN AT RISK.

BUDGET HIGHLIGHTS:

The budget for the Department of Human Resources totals \$1.55 billion, which is comparable to last year's appropriation. Significant budget initiatives are highlighted below.

The Department provides a variety of assistance and temporary supports for individuals in need of assistance. \$373 million is being provided for assistance payments, of which \$122 million is for Temporary Cash Assistance (TCA) recipients. Federal funds for food stamps total \$208 million. In addition to direct assistance, \$42 million is being provided to support locally directed work preparation activities. Finally, \$133 million and 2,100 positions are provided to local departments of social services to support temporary cash assistance, food stamps, medical assistance applications and other welfare to work activities.

The TCA caseload has remained essentially stable over the last year and is projected to be 70,904 during fiscal year 2004. The significant decline in caseload from 227,887 in January 1995 has leveled off and many of the remaining recipients have multiple barriers to employment.

DHR serves Maryland's children in a variety of ways, such as child protective services, family preservation services, adoptions, foster care, childcare and child support enforcement. The delivery of child welfare services has produced good results with a decline in the child protective services continuing caseload of approximately 4.8%. The number of families participating in voluntary services to resolve family issues has increased 22%. For those children removed from their home, the number of qualified adoption homes has increased 22.6%

during the last fiscal year. \$153.5 million and 2,383 positions are provided in the budget allowance for delivery of child welfare services at the local departments of social services.

The budget includes \$238 million for foster care maintenance payments to provide services for children removed from their homes as a result of abuse or neglect. A fiscal year 2003 deficiency of \$10.9 million is also being provided. The number of children in foster care placements has declined for the first time in a decade and is projected to be 7,964 by the next fiscal year. However, many of the children currently in foster care face multiple challenges such as mental illness, addictions and HIV-related diseases. These children require more extensive and expensive services than would be available in a family foster care placement.

The provision of child welfare services encompasses a variety of State and Federal funding sources. Several of the Federal sources are entitlement based, and the attainment of these funds is based on the provision of allowable services to eligible children. The needs of the current child welfare caseload do not meet these requirements, and an enhancement of \$17.5 million and a deficiency of \$18.9 million are being provided. These items will maintain the current level of services for children either suffering or at risk of abuse and neglect.

The Department of Human Resources comprises 6.8% of the overall State budget. Federal funds are mainly utilized for public assistance payments, social services costs and food stamp benefits. Special funds are principally local government funds and child support collections.

"The declines in public assistance caseloads have leveled off and many of the remaining recipients have multiple barriers to employment."

THREE YEAR SUMMARY	FY 02	FY 03	FY 04	Change
	Actual	Appropriation	Allowance	FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	482.7	475.2	531.1	11.8%
Special Funds	88.7	74.5	82.6	10.9%
Federal Funds	942.1	986.3	921.5	-6.6%
Reimbursable Funds	11.3	10.4	11.1	6.8%
Total	1,524.9	1,546.4	1,546.4	0.0%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	12.5	13.8	13.6	-1.0%
Social Services Administration	31.3	36.7	26.1	-28.8%
Community Services Administration	106.5	128.7	134.9	4.9%
Child Care Administration	38.5	44.5	34.3	-23.1%
Operations Office	20.3	18.4	17.7	-3.3%
Office of Technology for Human Services	67.4	60.7	56.6	-6.8%
Local Department Operations	1,171.6	1,165.1	1,183.6	1.6%
Child Support Enforcement Administration	48.0	46.2	47.0	1.8%
Family Investment Administration	28.8	32.4	32.6	0.5%
Total	1,524.9	1,546.4	1,546.4	0.0%
POSITIONS:				
Authorized	7,363.6	7,733.1	7,610.1	-123.0
Contractual	110.7	147.0	148.1	1.2
Total	7,474.4	7,880.1	7,758.2	-121.8

PERFORMANCE MEASURES	FY 2002	FY 2003	FY 2004
	Actual	Estimated	Projected
Public Assistance Caseload (AFDC/TANF)	73,135	73,835	70,904
Child Care Slots Subsidized	28,287	28,782	30,925
Child Protection Investigations	32,707	32,000	32,000
Foster Care & Subsidized Adoption Average Caseload	9,690	9,800	9,800
Number of Children Adopted	805	950	950
Percent of Current Child Support Paid	62.02%	63.02%	64.02%
Job Retention Rate of Temporary Cash Assistance Customers	74%	75%	75%
Percent of Child Welfare Service Customers who do not have a finding of abuse or neglect while receiving services	94.5%	95%	95%

Totals may not add due to rounding.

Department of Juvenile Justice

Maryland Budget Highlights FY 2004

Mission: The Department of Juvenile Justice embraces a balanced and restorative justice philosophy. The department strives to ensure the public safety and protection of the community, to hold juvenile offenders accountable to victims and communities, and to develop youth competency and character to assist them in becoming responsible and productive members of society.

THE DEPARTMENT OF JUVENILE JUSTICE (DJJ), WHICH THE GOVERNOR WILL RE-NAME THE DEPARTMENT OF JUVENILE SERVICES TO REFLECT THE BROADENING OF ITS SCOPE AND PURPOSE, PROVIDES PROGRAMS FOR THE TREATMENT AND CONTROL OF JUVENILE OFFENDERS, INCLUDING "DETAINED" YOUTH WHO ARE AWAITING COURT DISPOSITION, "COMMITTED" YOUTH WHO HAVE BEEN PLACED IN DJJ'S CUSTODY BY A JUVENILE COURT AND YOUTH UNDER COMMUNITY SUPERVISION. PROGRAMS INCLUDE INSTITUTIONAL AND COMMUNITY FACILITIES OPERATED BY THE DEPARTMENT OR ITS CONTRACTORS AND A WIDE VARIETY OF COMMUNITY-BASED NONRESIDENTIAL PROGRAMS. ON AN AVERAGE DAY, DJJ HAS CUSTODY OF OVER 2,000 YOUTH IN RESIDENTIAL PLACEMENTS AND OVER 15,500 UNDER SUPERVISION IN THE COMMUNITY.

BUDGET HIGHLIGHTS:

The general fund allowance is \$172.4 million, a 0.9% increase from fiscal year 2003. The budget includes savings from the abolition of 35 vacant positions, reductions in the proposed contractual amounts for both the Charles H. Hickey School and the reuse of the Victor Cullen Academy facilities.

DJJ programs are housed in both secure institutions and community-based facilities operated by the Department or contractors. The Department has the following major units:

The Office of the Secretary provides executive leadership to the Department. The success of Governor Ehrlich's reform plan will depend on the ability of the new Secretary to flexibly manage the budget. The following initiatives, totalling \$3.5 million, will be directly administered by the new Secretary:

- ❑ \$500,000 is provided to address issues related to minority overrepresentation in residential populations within the juvenile justice system by creating a new Assistant Secretary for Minority Justice Services.
- ❑ \$1,000,000 to enhance the delivery of mental health services to youth under the Department's care and supervision.
- ❑ \$1,000,000 for a drug treatment and rehabilitation courts initiative.
- ❑ \$1,000,000 for the review and implementation of management reforms within the Department and the juvenile justice system.

The Departmental Support unit provides ancillary and logistical support for the entire department, such as human resources development and training, information technology, grants management, capital planning and facilities maintenance.

The Residential Services unit supervises youth under care in both state-operated and contractual-operated facilities of varying intensities depending upon the client's needs. The services provided include: transportation, screening, counseling, education, vocational enhancement, health services and recreational activities. This year three new Juvenile Justice Centers will be fully operational for 12 months: Baltimore City, the Lower Eastern Shore and Western Maryland.

- ❑ The contractual cost of the Charles H. Hickey School has been reduced \$950,000 to reflect the mid-year transfer of the educational function to the Maryland State Department of Education (MSDE). \$7.5 million has been added to the MSDE budget for this purpose.
- ❑ \$3,872,213 has been reduced from the fiscal year 2003 budgeted amount for the Victor Cullen Academy reuse.

The Admissions unit functions as the entry point for youth into the state juvenile justice system and provides the beginning of the systematic screening, assessment and treatment of the child who has come to the attention of the Department. The results of the screening and assessment process form the basis of the development of the youth's individualized service plan while under state care.

The Community Justice Supervision unit enables the State to provide continual intake, probation, aftercare and community detention services to youth throughout the State. Also, this unit is responsible for the collection of court-ordered monetary restitutions, the monitoring of community reparations and the establishment of a continuum of care linking youth and their families with resources in their community. The Department of Juvenile Justice comprises less than 1% of the overall state budget.

THREE YEAR SUMMARY	FY 02	FY 03	FY 04	Change
	Actual	Appropriation	Allowance	FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	161.3	170.9	172.4	0.9%
Special Funds	0.1	0.3	0.2	-3.5%
Federal Funds	12.9	15.2	14.8	-3.1%
Reimbursable Funds	1.2	4.3	1.4	-68.0%
Total	175.6	190.7	188.8	-1.0%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	3.8	3.9	6.9	75.4%
Departmental Support	12.0	12.2	11.6	-4.8%
Professional Responsibility and Accountability	2.2	2.5	2.2	-12.5%
Residential Operations	60.2	73.5	70.0	-4.7%
Admissions	9.1	12.1	12.1	0.1%
Community Justice Supervision	88.2	86.5	85.9	-0.7%
Total	175.6	190.7	188.8	-1.0%
POSITIONS:				
Authorized	2,122.7	1,996.2	1,961.2	-35.0
Contractual	119.0	138.4	132.9	-5.5
Total	2,241.7	2,134.6	2,094.1	-40.5

PERFORMANCE MEASURES	FY 2002	FY 2003	FY 2004
	Actual	Estimated	Projected
Number of referrals to intake	52,323	53,500	53,500
Number of youth placed on informal supervision	13,786	14,500	15,500
Number of detention requests	5,907	3,868	5,489
Number of intake detention authorizations	3,037	2,547	2,326
Percent of youth assessed or evaluated in the six domain areas of the early periodic screening program	14.4%	40%	100%
Percent of intake decisions made using risk tool guidelines	59%	75%	99%
Percent of youth administered a needs screening	*	50%	100%
Percent not readjudicated within one year of release from a residential placement	80%	82%	85%
Percent of probation youth not readjudicated	82%	84%	85%
Percent of aftercare youth not readjudicated	92%	93%	93%

* Data not available

Totals may not add due to rounding.

Department of Labor, Licensing & Regulation

Maryland Budget Highlights FY 2004

Mission: The employees of the Department of Labor, Licensing and Regulation safeguard and protect Maryland citizens and support the economic stability of the State by providing businesses, the workforce, and consumers with high quality customer-focused regulatory, employment and training services.

THE DEPARTMENT OF LABOR, LICENSING AND REGULATION (DLLR) MANAGES JOB TRAINING PROGRAMS, ADMINISTERS THE UNEMPLOYMENT INSURANCE PROGRAM, AND ENFORCES WAGE AND HOUR LAWS. THE DEPARTMENT ALSO EXAMINES, LICENSES AND REGULATES VARIOUS BUSINESSES, PROFESSIONS AND TRADES. DLLR HAS PRIMARY REGULATORY AUTHORITY OVER STATE CHARTERED BANKS, RAILROAD SAFETY AND HEALTH, HORSE RACING AND OCCUPATIONAL SAFETY AND HEALTH.

BUDGET HIGHLIGHTS:

The fiscal year 2004 allowance totals \$180.1 million, a decrease of \$18.8 million or 9.5% from the fiscal year 2003 appropriation of \$198.9 million. The majority of the decrease is in Federal funds for the Division of Employment and Training. The department also abolished 68 vacant positions from various programs.

The Office of the Secretary's fiscal year 2004 allowance is almost identical to the fiscal year 2003 appropriation of \$17.6 million. The office created a Grants Management Unit to improve the oversight of Federal funds and the timely request for reimbursement of these funds. The fiscal year 2004 allowance includes over \$136 million in Federal funds. The budget also includes a fiscal year 2003 deficiency of \$750,000 in general funds to supplement the fiscal year 2003 appropriation for shortfalls in the Federal Indirect Cost Recoveries.

The Division of Labor and Industry's fiscal year 2004 allowance decreases by \$148,200 from the fiscal year 2003 appropriation of \$12.3 million. The division's performance measures indicate increases in the number of amusement rides, elevators, boilers and pressure vessels inspections. Additionally, the Department estimates the number of employees removed from exposures to safety hazards in construction and manufacturing will increase from the fiscal year 2002 actual of 13,297 to 14,107 in fiscal year 2004.

The Division of Racing's fiscal year 2004 allowance decreases by \$1.8 million from the fiscal year 2003 appropriation of \$12.4 million. Maryland's racetracks will continue to undergo changes as a result of the change in ownership of Laurel and Pimlico racetracks and the possible introduction of video lottery terminals.

The Division of Occupational and Professional Licensing's fiscal year 2004 allowance decreases by \$855,000 from the fiscal year 2003 appropriation. The division, which regulates over 18 business occupations and professions, estimates that 72% of licensees will submit renewals electronically via the Internet.

The Division of Employment and Training's fiscal year 2004 allowance decreases by \$16.4 million from the fiscal year 2003 appropriation. The decrease in Federal funds account for \$15.3 million, or 94%, mainly in the Office of Unemployment Insurance, Welfare to Work, and Employment Training programs.

The Division of Financial Regulation's fiscal year 2004 allowance increases by \$252,951 over the fiscal year 2003 appropriation.

The Department of Labor, Licensing, and Regulation comprises less than 1% of the overall State budget.

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	28.4	29.4	28.8	-2.0%
Special Funds	10.1	15.2	11.7	-22.9%
Federal Funds	135.4	151.9	136.4	-10.3%
Reimbursable Funds	0.0	2.5	3.3	33.0%
Total	173.9	198.9	180.1	-9.5%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	16.6	17.6	17.6	0.0%
Division of Financial Regulation	4.6	4.5	4.7	5.6%
Division of Labor and Industry	11.5	12.3	12.2	-1.2%
Division of Racing	6.1	12.4	10.6	-14.0%
Division of Occupational and Professional Licensing	7.2	8.5	7.7	-10.0%
Division of Employment and Training	128.0	143.7	127.3	-11.4%
Total	173.9	198.9	180.1	-9.5%
POSITIONS:				
Authorized	1,706.0	1,617.0	1,549.1	-68.0
Contractual	176.2	155.3	174.6	19.3
Total	1,882.2	1,772.3	1,723.7	-48.6

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
Number of Fatal Railway Accidents	0	2	2
Number of Railroad Accident Injuries	9	17	17
Amusement Ride Safety Violations Corrected	2,353	1,500	1,600
Pressure Vessels Safety Violations Corrected	3,603	4,000	3,750
Elevator Safety Violations Corrected	6,040	4,250	4,025
Serious Incidents — amusement rides	18	14	12
Serious Incidents — boilers and pressure vessels	38	40	35
Serious Incidents — elevator	1	1	1
Licensing Complaints Received	3,089	3,250	3,250
Licensing Complaint Resolution Time (average in days)	130	130	130
% of Registered Job Seekers with services gaining employment	36%*	36%	36%
Regulated Depository Institutions	81	76	78
Regulated Non-depository Institutions	4,553	5,120	5,120

*estimate

Totals may not add due to rounding.

Department of Natural Resources

Maryland Budget Highlights FY 2004

Mission: For today and tomorrow, the Department of Natural Resources inspires people to enjoy and live in harmony with their environment and to protect what makes Maryland unique - our treasured Chesapeake Bay, our diverse landscapes and our living and natural resources.

THE DEPARTMENT OF NATURAL RESOURCES (DNR) PROMOTES THE PROTECTION, ENHANCEMENT AND BALANCED USE OF MARYLAND'S NATURAL RESOURCES; MANAGES THE STATE'S FORESTS, PARKS AND WILDLIFE; REGULATES HUNTING, FISHING AND BOATING; AND ADMINISTERS THE OCEAN CITY BEACH MAINTENANCE PROGRAM, PROGRAM OPEN SPACE AND CHESAPEAKE BAY PROGRAMS. THE DEPARTMENT MANAGES 350,000 ACRES OF LAND.

BUDGET HIGHLIGHTS:

The budget for the Department of Natural Resources totals \$249.0 million, an increase of \$15.5 million or 6.7 percent over the 2003 level. Adjusted for a \$23.5 million increase in capital expenditures in the 2004 allowance, the operating budget for the Department of Natural Resources shows a decrease of \$8.0 million, or 4.4%, over the 2003 appropriation and includes the effect of abolishing 86 vacant positions. The allowance for DNR continues Maryland's commitment to maintaining and enhancing the natural and living resources that are vital to the economic health of the State.

The allowance provides \$36 million for Chesapeake Bay and watershed programs, \$39.2 million for resource management and conservation programs, \$75.4 million for public land programs, \$82.5 million for land preservation and acquisition, and \$15.9 million for administration, oversight, and revenue operations.

The allowance includes \$27.5 million for the Natural Resources Police to protect the State's natural resources and citizens by enforcing conservation and boating laws and by acting as the primary search and rescue agency in state waters and remote areas.

The allowance includes \$40.7 million for the State Forest and Park Service to provide opportunities for the public to learn about hiking, swimming and boating or otherwise experience the outdoors safely and sustainably. Specialized programs, such as the Maryland Conservation Corps and Outdoor Discovery, will be continued.

To meet the Chesapeake Bay 2000 Agreement commitment of restoring two-thirds of the State's watersheds, DNR has budgeted \$500,000 in Federal funds to complete 50 comprehensive watershed management plans.

The economic impact of sport fishing in Maryland is in excess of \$1 billion while the commercial fishing economic output is approximately \$125 million. The allowance includes \$16.6 million for fisheries management, including \$1.8 million for

fish hatchery operations and \$1 million to support programs related to the research and restoration of the blue crab population.

The Oyster Sanctuary program will receive \$3.0 million in bonds, an increase of \$1.4 million over the 2003 level, to continue efforts to construct and maintain protected oyster habitat and encourage healthy and self-sustaining oyster populations.

The allowance includes \$37.6 million for state and \$31.8 million for local Program Open Space (POS) activities, including \$8.3 million in POS funds for Rural Legacy to protect over 9,000 acres within current easement acquisition areas. These amounts may change contingent on enactment of legislation altering the amount of transfer tax revenues available for these purposes.

An additional \$200,000 is included for a total of \$950,000 in grants to assist local jurisdictions with implementation of the Critical Areas Law.

The allowance includes \$2.7 million to continue replacement of very old and very high mileage vehicles in DNR's fleet. Since fiscal year 2003, DNR has had increased funding to move towards a six-year replacement cycle for its 920-vehicle fleet. This funding will allow purchase of 135 vehicles in fiscal year 2003 and 150 vehicles in fiscal year 2004.

The Department of Natural Resources comprises 1.1 % of the overall State budget. Most of DNR's special funds are for Program Open Space and the Rural Legacy program, which are funded from the property transfer tax. Other large special fund sources are the Waterway Improvement Fund, which receives revenues from the excise tax on boat sales, and the Forest and Park Reserve Fund, which receives revenues from park use fees and from forestry sales. Federal funds are provided principally for the Chesapeake Bay and Coastal Management activities.

BUDGET: \$249 MILLION
POSITIONS: 1,965.8

THREE YEAR SUMMARY	FY 02	FY 03	FY 04	Change
	Actual	Appropriation	Allowance	FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	84.4	82.1	77.6	-5.5%
Special Funds	167.5	115.5	137.9	19.4%
Federal Funds	23.8	25.8	27.2	5.5%
Reimbursable Funds	9.3	10.2	6.3	-37.9%
Total	285.1	233.5	249.0	6.7%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	12.0	12.2	12.2	0.6%
Forestry Service	10.1	10.0	9.9	-0.4%
Wildlife and Heritage Service	8.6	9.4	10.4	10.8%
State Forest and Park Service	42.7	44.4	40.7	-8.3%
Capital Grants and Loan Administration	114.4	56.0	81.1	44.8%
Licensing and Registration Service	3.9	3.6	3.7	2.2%
Natural Resources Police	27.7	28.4	27.5	-3.3%
Resource Planning	1.8	1.9	1.7	-14.2%
Engineering and Construction	7.2	6.2	5.6	-10.6%
Chesapeake Bay Critical Areas Commission	2.1	2.0	2.2	10.2%
Resource Assessment Service	17.3	18.4	18.0	-2.2%
Maryland Environmental Trust	1.0	1.4	1.4	-0.5%
Chesapeake and Coastal Watershed Service	17.7	18.5	16.0	-13.5%
Education, Bay Policy and Growth Management	1.6	2.0	2.0	-1.0%
Fisheries Service	16.9	19.0	16.6	-12.5%
Total	285.1	233.5	249.0	6.7%
POSITIONS:				
Authorized	1,618.2	1,577.2	1,490.0	-87.2
Contractual	332.0	470.9	475.8	4.9
Total	1,950.2	2,048.2	1,965.8	-82.4

PERFORMANCE MEASURES	FY 2002	FY 2003	FY 2004
	Actual	Estimated	Projected
Day Use Park Visitors	9,537,814	9,728,570	9,923,141
Vessels Registered	98,200	111,000	100,000
Commercial Fishing Licenses	7,313	7,400	7,400
Sport Fishing Licenses	588,472	594,000	594,500
Sport Hunting Licenses	247,902	251,500	251,500
Miles of Forest Riparian Buffers Established	300	300	300
Acres of Wetlands Restored	833	1,000	1,000

Totals may not add due to rounding.

Department of Planning

Maryland Budget Highlights FY 2004

Mission: Provide information and services that improve the ability of state and local government, and community, development and environmental organizations to support desirable growth in Maryland. Promote growth in Maryland that fosters vibrant, livable communities, preserves and protects the environment and makes efficient use of State resources.

THE DEPARTMENT OF PLANNING (MDP) WORKS WITH STATE AGENCIES AND LOCAL GOVERNMENTS IN PLANNING OVERALL GROWTH AND DEVELOPMENT IN MARYLAND. THE DEPARTMENT UNDERTAKES SPECIAL STUDIES, SUBMITS REPORTS, AND ADVISES ON MATTERS CONCERNING THE RESOURCES AND DEVELOPMENT OF THE STATE. THE DEPARTMENT IS ALSO HOME TO THE STATE DATA CENTER AND THE STATE CLEARINGHOUSE FOR INTERGOVERNMENTAL ASSISTANCE.

BUDGET HIGHLIGHTS:

The budget totals \$9.3 million, a decrease of 7.0% below fiscal year 2003. The reductions result primarily from statewide cost containment strategies. MDP reduced discretionary operating spending, eliminated vehicle and equipment purchases and abolished five vacant positions to realize general fund savings of \$489,000. Reimbursable fund collections also decrease this budget year.

Personnel costs comprise 88% of the department's budget. Of the remaining 12%, more than one-half is spent on information technology related items. This spending pattern reflects the department's role as a research and analysis group. MDP's spending by program is highlighted below:

- ❑ Planning Data Services receives \$1.6 million, comprising 18% of the MDP budget. This amount represents an increase of \$117,641 over fiscal year 2003, with the entire increase attributable to information technology expenses. One vacant position was abolished leaving 17.0 authorized positions. This program develops, compiles and maintains socioeconomic, demographic, cultural, geographic, land use and property data on Maryland.
- ❑ The Local Planning Assistance and Comprehensive Planning budgets total \$3.6 million, a decrease of 11% below fiscal year 2003. Nearly \$800,000 of the total is collected from other State agencies for services provided by MDP. Two vacant positions were abolished leaving 43.0 authorized positions. Local Planning Assistance provides technical assistance to local governments to improve their planning and management capacity. Following the LaPlata tornado of 2002, the Local Planning division updated the

zoning and subdivision regulations and architectural design standards of LaPlata, encouraging more pedestrian friendly development in the downtown area. Comprehensive Planning monitors the state's progress in land preservation, recreational planning and Smart Growth.

- ❑ The Parcel Mapping budget totals \$705,609, a decrease of \$35,628. One vacant position was abolished in this program, leaving 11.0 authorized positions. Parcel Mapping creates the property maps that integrate with the statistical outputs of Planning Data Services to create MD Propertyview. This past year, there were 91 public institutions and 118 private sector clients that subscribed to MD Propertyview.
- ❑ The State Clearinghouse budget totals \$614,720, accounting for 7% of the MDP budget. This program fulfills the state's need for intergovernmental coordination pursuant to the Federal Intergovernmental Cooperation Act, serving as the single point of contact for all actions requiring intergovernmental coordination.
- ❑ \$2,716,713 is budgeted for General Administration, a decrease of \$317,125 from fiscal year 2003. One vacant position was abolished in this program leaving 33.0 authorized positions. General Administration fulfills the financial, personnel, procurement and information technology needs for MDP.

The Department of Planning comprises less than 1% of the overall state budget.

THREE YEAR SUMMARY	FY 02	FY 03	FY 04	Change
	Actual	Appropriation	Allowance	FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	8.5	8.6	8.1	-5.7%
Special Funds	0.3	0.2	0.2	32.1%
Federal Funds	0.1	0.0	0.0	0.0%
Reimbursable Funds	1.4	1.3	1.0	-21.1%
Total	10.4	10.0	9.3	-7.0%
EXPENDITURES: (in millions of dollars)				
Data Services	2.2	1.5	1.6	7.8%
Comprehensive and Local Planning	4.1	4.1	3.6	-11.0%
Parcel Mapping	0.7	0.7	0.7	-4.8%
Clearinghouse	0.6	0.6	0.6	-3.0%
Administration	2.8	3.0	2.7	-10.5%
Total	10.4	10.0	9.3	-7.0%
POSITIONS:				
Authorized	135.0	129.0	124.0	-5.0
Contractual	13.0	8.0	8.0	0.0
Total	148.0	137.0	132.0	-5.0

PERFORMANCE MEASURES	FY 2002	FY 2003	FY 2004
	Actual	Estimated	Projected
Percentage of approved improvements to existing public schools (rather than new construction)	93%	88%	88%
Number of property map and Maryland Property View Map file images updated	2,752	2,750	2,750
Number of jurisdictional socio-economic projections available in electronic format with summaries available on web	398	398	398
Number of local plans and ordinances reviewed	178	200	200
Number of analyses where technical assistance was completed related to Smart Growth	23	25	27

Totals may not add due to rounding.

Department of Public Safety & Correctional Services

Maryland Budget Highlights FY 2004

The Department of Public Safety and Correctional Services (DPSCS) helps keep Maryland communities safe and provides services to the victims of crime by ensuring the security, safety and well-being of defendants and offenders under the department's supervision. Additionally, the department provides criminal justice and law enforcement agencies with timely access to accurate information about defendants and offenders.

THE DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONAL SERVICES IS RESPONSIBLE FOR THE INCARCERATION AND COMMUNITY SUPERVISION OF ADULT CRIMINAL OFFENDERS. THE DEPARTMENT WILL OPERATE 27 CORRECTIONAL FACILITIES. THE DEPARTMENT ALSO OPERATES INNOVATIVE ALTERNATIVE PROGRAMS TO INCARCERATION.

BUDGET HIGHLIGHTS:

The allowance for the Department of Public Safety and Correctional Services is \$920.4 million, \$789 million of which is general funds. This represents a 0.1% increase over the fiscal year 2003 appropriation. The department was able to limit spending growth, despite pressures from an increasing offender population, through a combination of restrained discretionary spending and various cost containment reductions. These reductions included just over \$5 million in general funds from staff scheduling changes, freezes on equipment purchases and modified officer recruitment programs. In keeping with the Governor's philosophy of a smaller government, the department abolished 258 vacant positions that were not needed for core services. The allowance provides the department with sufficient resources to maintain public safety for citizens and provide a safe environment for the correctional staff and inmates within the institutions.

The budget for the Office of the Secretary, totaling \$90.6 million, decreases by \$100,000. \$2.8 million in Major Information Technology and Development funding is provided in the fiscal year 2004 allowance for the continuation of improvements to the National Crime Information Center, which is overseen by the Office of the Secretary.

The Division of Correction operates all of the correctional institutions with the exception of the Patuxent Institution, the Baltimore City Detention Center and the Central Booking and Intake Facility. The budget for fiscal year 2004 is \$582 million, a 0.7% decrease in funding from last year. With the exception of adjustments to the baseline budget, funding remained relatively constant. In order to relieve pressures from prison overcrowding in the women's section of the Baltimore City Detention Center, funding was provided to renovate and re-open a 92-bed housing unit at the Maryland Correctional Institution for Women. Deficiency funding in the amount of \$601,000 is proposed for the fiscal year 2003 budget to pay for subsis-

tence, personal care and overtime costs to staff the new housing unit.

The Division of Pre-Trial and Detention Services (DPDS) operates the Baltimore City Detention Center and the Central Booking and Intake Facility, and is responsible for the jailing and short-term detention of persons arrested in Baltimore City. The total budget for DPDS increases by \$5.1 million to total \$109 million.

The Division of Parole and Probation supervises individuals sentenced by the courts to serve a probationary period in lieu of a prison sentence and individuals released on parole from State prison. The budget stays nearly constant from the fiscal year 2003 appropriation to the fiscal year 2004 allowance at \$85.3 million. Total positions decrease from 1,334.5 to 1,317.

Other aspects of the Department's budget include the following:

The 911 Emergency Number Systems Program, located within the Office of the Secretary, manages the emergency 911 telephone system and allocates the 911 Trust Fund to local agencies throughout the state. Funding for this program in fiscal year 2004 increased to \$35.6 million from \$32 million in fiscal year 2003.

The budget for the Criminal Injuries Compensation Board, which provides grants to victims of crimes and their families, increased from \$5.7 million in 2003 to \$5.9 million in 2004.

State Use Industries, which provides employment to over 1,400 inmates in correctional facilities throughout the state, continues to contribute as both a revenue generator, and as a tool for providing meaningful employment to inmates.

The Department of Public Safety and Correctional Services comprises 4% of the overall state budget.

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	767.9	782.4	788.9	0.8%
Special Funds	111.4	113.6	110.1	-3.1%
Federal Funds	13.0	8.0	9.6	20.0%
Reimbursable Funds	11.2	15.1	11.9	-20.9%
Total	903.4	919.0	920.4	0.1%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	108.8	90.7	90.6	-0.1%
Division of Correction Headquarters	29.2	25.9	30.4	17.0%
Jessup Region	93.8	99.5	95.2	-4.4%
Baltimore Region	98.5	101.3	98.4	-2.9%
Hagerstown Region	122.0	128.8	129.1	0.3%
Women's Facilities	21.6	23.1	23.2	0.5%
Maryland Correctional Pre-Release System	52.4	54.3	52.7	-3.0%
Eastern Shore Region	70.2	71.2	70.8	-0.6%
Western Maryland Region	39.0	43.4	44.4	2.3%
State Use Industries	37.3	38.6	38.1	-1.2%
Maryland Parole Commission	3.7	4.0	4.3	7.6%
Division of Parole and Probation	79.4	85.3	85.3	-0.1%
Patuxent Institution	33.4	35.7	35.1	-1.7%
Inmate Grievance Office	0.5	0.6	0.6	0.0%
Police and Correctional Training Commissions	5.4	6.5	6.8	5.2%
Criminal Injuries Compensation Board	5.5	5.7	5.9	4.2%
Maryland Commission on Correctional Standards	0.4	0.5	0.5	3.0%
Division of Pretrial and Detention Services	102.4	103.9	109.1	4.9%
Total	903.4	919.0	920.4	0.1%
POSITIONS:				
Authorized	11,662.5	11,562.5	11,304.0	-258.5
Contractual	298.2	571.4	491.0	-80.4
Total	11,960.7	12,133.9	11,795.0	-338.9

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
Average Daily Population:			
Correctional Institutions	27,114	27,805	28,350
Active Cases under Supervision:			
Parole and Probation	52,826	52,826	52,879
Correctional Options:			
Intensive Parole/Probation	1,969	2,028	2,088
Boot Camp	315	400	400
Home Detention	311	402	402
Arrestees Processed through Central Booking	94,829	91,000	101,000

Totals may not add due to rounding.

Department of State Police

Maryland Budget Highlights FY 2004

Mission: To fulfill its role as the state's lead coordinating law enforcement organization with the commitment to pride, respect and integrity. DSP will effectively direct personnel and multi-dimensional resources in partnership with private and public entities to achieve public safety so as to improve the quality of life for the citizens of Maryland.

THE DEPARTMENT OF STATE POLICE (DSP) PROVIDES TRAFFIC AND CRIMINAL ENFORCEMENT SERVICES FROM 26 BARRACKS AND DETACHMENTS; CONDUCTS SPECIALIZED DRUG AND CRIMINAL INVESTIGATIONS; PROVIDES STATEWIDE CRIME LABORATORY, FORENSIC AND EMERGENCY HELICOPTER MEDICAL EVACUATION SERVICES; AND ADMINISTERS THE STATE AID FOR POLICE PROTECTION PROGRAM AND OTHER LOCAL LAW ENFORCEMENT GRANT PROGRAMS. DSP ALSO INCLUDES THE FIRE PREVENTION COMMISSION AND THE STATE FIRE MARSHAL, WHICH WORK TO PREVENT AND INVESTIGATE FIRES AND EXPLOSIONS.

BUDGET HIGHLIGHTS:

The fiscal year 2004 budget allowance of the Department of State Police totals \$291.5 million, a reduction of 0.06% from the fiscal year 2003 appropriation.

After several years of declines, Maryland's violent crime rate increased slightly in 2001, as did the traffic fatality rate. New policing strategies will be required to reverse the trend in these indicators.

\$86 million of the department's budget—30%—is aid for local police and fire agencies. The Police Aid formula amount is \$63.5 million, a \$1.3 million increase over 2002. \$10 million is provided for local fire and rescue facilities and equipment. \$13 million funds special public safety grants for violent crime prevention, gun law enforcement and other targeted programs.

The largest component of the state police's operating budget is the Field Operations Bureau, accounting for \$104.4 million and 1,508 positions. This is a 1.8% increase over fiscal year 2003. The field force operates from 23 barracks and is responsible for traffic control and criminal enforcement.

The aviation division, funded at \$22.5 million, performs Med-Evac and law enforcement functions. Each year, the division's helicopters fly over 6,000 medical service missions and over 300 law enforcement missions.

The budget includes funds to pay off the lease on the State's twin-engine aircraft, currently operated by the State Police. This cost will be offset by the proceeds of selling the aircraft, will save the State over \$1 million in lease payments annually.

Over \$8 million is budgeted for crime labs in Baltimore, Berlin and Hagerstown. Along with other tests, these labs will perform over 10,000 blood and narcotics chemical analyses and 1,000 firearm analyses during the year. Also, a new 2002 law will expand the range of offenses which require convict DNA samples.

The Department of State Police also includes the Fire Prevention Commission and State Fire Marshall. These operating budgets total \$5.4 million. The Fire Marshal's office will conduct an estimated 13,000 inspections and re-inspections in fiscal year 2004. The State Bomb Squad, which is part of the Fire Marshal's organization, responds to over 400 reports of explosives each year.

In addition, the Major Information Technology Development Fund includes \$1.2 million for the Race-based Traffic Stop Data Collection Project. These funds will automate the collection of traffic stop data. The project will give each trooper real-time information from national databases such as wanted persons and stolen property. This system will help assure citizens that traffic stops are based solely on traffic violations, and not on race. It will reduce the average length of traffic stops, improve officer safety and increase patrol effectiveness.

The department's budget contains reductions of \$3.8 million from the request, principally affecting the number of cruisers that can be replaced and the cost of fuel and maintenance. In addition, 79 vacant positions have been abolished.

The Department of State Police comprises 1.3% of the overall State budget.

BUDGET: \$291.5 MILLION
POSITIONS: 2,531.9

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
General Funds	225.9	234.1	232.5	-0.7%
Special Funds	54.9	55.4	57.7	4.3%
Federal Funds	0.4	1.1	0.7	-35.1%
Reimbursable Funds	0.9	1.1	0.5	-53.2%
Total	282.2	291.7	291.5	-0.1%
EXPENDITURES: (in millions of dollars)				
State Police	267.0	275.7	276.1	0.2%
Fire Prevention Commission and Fire Marshal	15.2	16.0	15.4	-3.9%
Total	282.2	291.7	291.5	-0.1%
POSITIONS:				
Authorized	2,589.5	2,574.5	2,495.5	-79.0
Contractual	45.8	37.9	36.4	-1.5
Total	2,635.3	2,612.4	2,531.9	-80.5

PERFORMANCE MEASURES	2002 Actual	2003 Estimated	2004 Projected
Traffic Safety:			
Traffic Fatality Rate	1.278	1.246	1.215
Traffic Accident Rate	195.6	185.7	175.8
Alcohol-Related Fatality Rate	.380	.362	.344
Fatal Rate for Non-Restrained Occupants	.413	.405	.396
Motor Vehicle Citations	351,198	300,000	300,000
Commercial Vehicle Inspections	67,025	66,000	66,500
Crime Reduction:			
Part 1 Crime Rate	4,960	4,845	4,730
Domestic Violence Crime Rate	385	380	376
Firearm Homicide Rate	6.25	6.02	5.79
Firearm Related Assault Rate	66.1	65.2	64.2
Vehicle Theft Rate	765	733	656
Aviation Flights:			
Medical Transport	6,616	6,170	6,170
Search & Rescue	359	365	365
Law Enforcement	991	897	897
Number of Helicopter Operations Flights	7,960	7,432	7,432

* Performance Measures are expressed in calendar years.

Totals may not add due to rounding.

Department of Transportation

Maryland Budget Highlights FY 2004

Mission: The Department of Transportation will meet the state's transportation service and mobility needs through a seamless, integrated system that allows people and goods to move safely and efficiently. This will enhance the quality of life of our citizens, help direct population growth to existing communities and support the State's business climate.

THE MARYLAND DEPARTMENT OF TRANSPORTATION (MDOT) MANAGES AN INTERCONNECTED TRANSPORTATION SYSTEM THAT INCLUDES OVER 5,000 MILES OF ROADWAYS, BALTIMORE-WASHINGTON INTERNATIONAL AIRPORT, THE PORT OF BALTIMORE, THE BALTIMORE AREA TRANSIT SYSTEM AND MARC COMMUTER RAIL. MDOT ADMINISTERS DRIVER LICENSING AND VEHICLE REGISTRATIONS AS WELL AS VARIOUS HIGHWAY SAFETY AND CONSUMER PROTECTION PROGRAMS. IN ADDITION, THE DEPARTMENT PROVIDES FINANCIAL SUPPORT TO LOCAL TRANSPORTATION AGENCIES AND THE WASHINGTON AREA TRANSIT SYSTEMS.

BUDGET HIGHLIGHTS:

The fiscal year 2004 allowance (operating and capital) for the Department of Transportation totals approximately \$3.2 billion, a slight decrease of 0.3 percent from last year's appropriation. Capital expenditures decline slightly (3.7 percent) while operating budgets increase less than 2 percent. While revenues to the Transportation Trust Fund are holding up despite the recent economic downturn, MDOT has focused on delivering core services while continuing to support its ambitious capital program. In order to help address the General Fund budget deficit, the Department is foregoing planned contributions from the General Fund for construction of the Woodrow Wilson Bridge and Washington Metro projects. In addition, the Trust Fund is being tapped to help the General Fund budget situation. However, MDOT will accomplish this with minimal impact on its capital projects and only modest impacts on its operating program.

Significant changes necessary to constrain costs and accommodate facility expansion are highlighted below.

The budget for transit operations continues to grow to accommodate the mobility needs of Maryland's citizens with a 2.1 percent increase over the 2003 appropriation. The Department has foregone service expansion in FY 2004 in order to focus on existing core services. Less than a dozen routes (\$2 million worth of service) will be eliminated and/or reduced to offset cost increases for routine operations. Approximately \$4 million in service expansion planned as part of the Transit Initiative adopted in FY 2001 has been deferred as a result of the State's current fiscal situation. The Department's financial forecast also assumes increases in transit fares across the State in order to maintain service and improve fare box recovery as mandated by State law.

Facility expansion at the Baltimore Washington International Airport (BWI) continues to provide additional convenience to

air travelers in the region. The budget includes funds for additional utility and contractual services necessary to operate the new Elm Road Garage and Pier A roadway extension. Increased funding for security and janitorial services is also provided. Growth in the cost of full-time positions is being managed through a continued hiring freeze. The Maryland Aviation Administration is prioritizing its vacancies to ensure minimal impact on customer safety and service.

The Motor Vehicle Administration's (MVA) focus on customer service continues with the opening of a new branch office in Montgomery County and additional positions to address the lengthy wait times currently in the County's other offices. The majority of cost containment actions for the MVA should not impact customer service. Maryland will not close or severely limit branch office hour operations and customers will continue to benefit from numerous alternative service delivery methods.

The State Highway Administration's priority is to fund roadway maintenance while trimming costs in the short term for equipment replacement, landscaping and other roadside maintenance activities. Additional federal support for Chesapeake Highways Action Response Team (CHART) activities will also save State dollars in FY 2004.

The allowance for the Maryland Port Administration assumes continuation of the hiring freeze and reductions for discretionary expenditures for travel and advertising and certain consultants. Budgets for stevedoring and cruise operations are fully funded and crane maintenance is supported by additional overtime dollars until positions can be identified.

The Department of Transportation comprises 14% of the overall state budget.

BUDGET: \$3.2 BILLION**POSITIONS: 9,532.9**

THREE YEAR SUMMARY	FY 02 Actual	FY 03 Appropriation	FY 04 Allowance	Change FY03-04
APPROPRIATIONS: (in millions of dollars)				
Special Funds	2,251.2	2,468.2	2,447.3	-0.8%
Federal Funds	753.1	743.5	755.7	1.6%
Reimbursable Funds	1.5	2.3	0.3	-88.8%
Total	3,005.8	3,214.0	3,203.3	-0.3%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	293.0	398.5	346.9	-12.9%
Debt Service Requirements	113.5	134.5	152.5	13.4%
State Highway Administration	1,543.6	1,484.5	1,510.5	1.7%
Maryland Port Administration	172.3	172.7	187.9	8.8%
Motor Vehicle Administration	132.8	149.5	145.2	-2.9%
Mass Transit Administration	571.2	641.7	655.1	2.1%
State Aviation Administration	179.5	232.6	205.3	-11.8%
Total	3,005.8	3,214.0	3,203.3	-0.3%
POSITIONS:				
Authorized	9,538.0	9,318.5	9,351.0	32.5
Contractual	142.5	151.9	181.9	29.9
Total	9,680.5	9,470.4	9,532.9	62.4

PERFORMANCE MEASURES	FY 2002 Actual	FY 2003 Estimated	FY 2004 Projected
Vehicle Titles/Registrations (millions)	4.7	5.0	5.3
MVA Walk-in Transactions (millions)	7.9	8.0	8.1
MVA Alternative Service Delivery Transactions (millions)	6.3	6.7	7.4
Bus Passenger Trips (millions)	70.3	70.8	71.6
Baltimore Heavy Rail Passenger Trips (millions)	14.2	14.7	15.0
Light Rail Passenger Trips (millions)	8.6	8.6	8.6
Commuter Rail Passenger Trips (millions)	6.0	6.3	6.6
BWI Airport Passengers Per Calendar Year (millions)	19.1	20.5	21.7
Port Tonnage (millions)	2.3	2.3	2.4
% of pavements rated fair to very good in ride quality	83%	84%	85%

Totals may not add due to rounding.

Independent Agencies

Maryland Budget Highlights FY 2004

OFFICE OF ADMINISTRATIVE HEARINGS

The Office of Administrative Hearings conducts independent and impartial hearings in contested cases involving the administrative actions of state agencies. The case management system has been upgraded and will be fully operational for fiscal year 2004. The Office's expenses are reimbursed by the state agencies for which the hearings are conducted.

	<u>\$ thousands</u>
Special Funds	6
Reimbursable	<u>10,807</u>
	10,813
Change from '03	17
	0.2%
	<u>Positions</u>
Authorized	129.0
Change from '03	-4.0

DEPARTMENT OF AGING

The Department of Aging is responsible for the planning, coordination, administration and assessment of public programs for the elderly. The budget provides a \$1.3 million enhancement for the Medicaid Home and Community Based Services Waiver. This program provides coordinated, community-based, in-home services to frail seniors with disabilities who are at risk of nursing home placement. \$250,000 is also included for grants to foster the development of innovative services to seniors.

	<u>\$ thousands</u>
General Funds	23,261
Special Funds	233
Federal Funds	<u>26,297</u>
	49,792
Change from '03	-3,320
	-6.3%
	<u>Positions</u>
Authorized	56.0
Contractual	<u>7.0</u>
	63.0
Change from '03	0.0

STATE ARCHIVES

The Archives collects and maintains state records of permanent value. The Archives also publishes the *Maryland Manual*, a reference book about the state and its government, and is responsible for state-owned art collections, including the Peabody and Annapolis collections.

	<u>\$ thousands</u>
General Funds	2,658
Special Funds	<u>2,013</u>
	4,671
Change from '03	-473
	-9.2%
	<u>Positions</u>
Authorized	44.5
Contractual	<u>35.9</u>
	80.4
Change from '03	-12.6

DEPARTMENT OF ASSESSMENTS AND TAXATION

Maryland is the only state with a centralized property assessment process at the state level. The Department of Assessments and Taxation performs the property assessments that form the basis of local and state property tax levies. The department also collects corporate filing fees and other revenues and administers the homeowners' and renters' tax credit programs. The fiscal year 2004 appropriation will be reduced by an additional \$10 million contingent on the enactment of legislation requiring local governments to share in the cost of property assessments.

	<u>\$ thousands</u>
General Funds	90,083
Special Funds	<u>2,769</u>
	92,852
Change from '03	-6,303
	-6.4%
	<u>Positions</u>
Authorized	725.5
Contractual	<u>3.0</u>
	728.5
Change from '03	-9.5

Totals may not add due to rounding.

MARYLAND AUTOMOBILE INSURANCE FUND (MAIF)

MAIF provides automobile insurance for Maryland residents who are unable to obtain it in the private market. It also administers and pays claims when other insurance recovery is unavailable. MAIF is an off-budget agency. Its costs are funded from premiums, other enterprise revenue and an assessment on all auto insurance for uninsured motorists. Figures are for calendar year 2003.

	<u>\$ thousands</u>
Non-budgeted	53,898
Change from '02	8,865 19.7%

CANAL PLACE PRESERVATION AND DEVELOPMENT AUTHORITY

The authority manages a federal-state-local-private partnership that is developing the area surrounding the C&O Canal in Cumberland to promote community revitalization and economic development. The large decrease from fiscal year 2003 is due to the funding of a PAYGO capital project in fiscal year 2003 that is not funded in fiscal year 2004.

	<u>\$ thousands</u>
General Funds	293
Special Funds	<u>155</u>
	448
Change from '03	-1,020 -69.5%
	<u>Positions</u>
Authorized	4.0
Change from '03	0.0

OFFICE FOR CHILDREN, YOUTH & FAMILIES

The Office for Children, Youth and Families works with state and local government agencies to coordinate prevention, early intervention and community services for at risk children and their families. Local Management Boards use grants issued through the Subcabinet Fund to coordinate services between education, social services, juvenile services and health and mental hygiene service agencies. The program also includes the Governor's Council on Adolescent Pregnancy, the State Coordinating Council for the Residential Placement of Handicapped Children and the State Commission on Infant Mortality.

	<u>\$ thousands</u>
General Funds	5,150
Special Funds	429
Federal Funds	174
Reimbursable	<u>933</u>
	6,687
Change from '03	-97 -1.4%
	<u>Positions</u>
Authorized	47.0
Contractual	<u>16.9</u>
	63.9
Change from '03	-0.6

STATE BOARD OF CONTRACT APPEALS

The board hears and resolves disputes involving the award and execution of state contracts.

	<u>\$ thousands</u>
General Funds	535
Change from '03	10 1.9%
	<u>Positions</u>
Authorized	5.0
Change from '03	0.0

OFFICE OF THE DEAF AND HARD OF HEARING

This agency develops policies and programs for the Deaf and Hard of Hearing. Legislation created an advisory council for the Office of the Deaf and Hard of Hearing (ODHH) comprised of sixteen individuals selected from state agencies and the general public. Five of the individuals are deaf or hard of hearing, and one has special expertise relating to services to the deaf and hard of hearing.

	<u>\$ thousands</u>
General Funds	279
Change from '03	70 33.4%
	<u>Positions</u>
Authorized	3.0
Change from '03	0.0

Totals may not add due to rounding.

Independent Agencies

Maryland Budget Highlights FY 2004

MARYLAND SCHOOL FOR THE DEAF

The school operates campuses in Frederick and Columbia, enrolling over 450 students. The allowance continues funding at the State-mandated formula amount.

	<u>\$ thousands</u>
General Funds	20,901
Special Funds	163
Federal Funds	855
Reimbursable	<u>1,163</u>
	23,082
Change from '03	1,939
	9.2%
	<u>Positions</u>
Authorized	319.5
Contractual	<u>62.2</u>
	381.7
Change from '03	21.3

STATE BOARD OF ELECTIONS

The State Board of Elections exercises supervision over the conduct of elections by local Boards of Supervisors of Elections. The budget provides funding for a statewide conference for local elections officials.

	<u>\$ thousands</u>
General Funds	7,117
Change from '03	-227
	-3.1%
	<u>Positions</u>
Authorized	29.5
Contractual	<u>3.0</u>
	32.5
Change from '03	0.0

MARYLAND INSTITUTE FOR EMERGENCY MEDICAL SERVICES SYSTEMS (MIEMSS)

MIEMSS coordinates all emergency medical services in the state. It recommends funding for the Shock-Trauma Center, Maryland Fire and Rescue Institute and the Aviation Division of the State Police from the Emergency Medical Services Operations Fund. These funds are derived from a specified share of each motor vehicle registration fee which also supports grants for local fire, rescue and ambulance equipment. The budget contains a \$200,000 enhancement to expand centralized, dedicated Emergency Medical Response Centers in Western Maryland and the Lower Eastern Shore over a four-year period.

	<u>\$ thousands</u>
Special Funds	10,560
Federal Funds	<u>100</u>
	10,660
Change from '03	454
	4.4%
	<u>Positions</u>
Authorized	93.1
Contractual	<u>9.1</u>
	102.2
Change from '03	-0.4

MARYLAND ENERGY ADMINISTRATION

The Energy Administration coordinates the state's energy conservation and management efforts.

	<u>\$ thousands</u>
General Funds	419
Special Funds	3,030
Federal Funds	767
Reimbursable	<u>99</u>
	4,315
Change from '03	47
	1.1%
	<u>Positions</u>
Authorized	20.0
Contractual	<u>1.0</u>
	21.0
Change from '03	-1.0

Totals may not add due to rounding.

MARYLAND ENVIRONMENTAL SERVICE

The Maryland Environmental Service provides water supply, wastewater treatment and waste management services to state agencies, counties, municipalities and private customers. It is an off-budget agency with revenue derived from user fees.

	<u>\$ thousands</u>
Non-budgeted	65,266
Change from '03	-36,773 -36.0%

BOARDS, COMMISSIONS AND OFFICES

This program contains coordinating and advisory units created by legislation or executive order. The Office of Minority Affairs, Office of Service and Volunteerism, State Ethics Commission, State Commission on Criminal Sentencing, Criminal Justice Coordinating Council and the Office of Crime Control and Prevention are among the budgeted units. This year it includes the newly created Governor's Grants Office which will coordinate statewide efforts to attract grant funding, provide technical assistance, sponsor training workshops and develop a statewide database of active grants for state agencies.

	<u>\$ thousands</u>
General Funds	10,731
Special Funds	2,060
Federal Funds	41,630
Reimbursable	516
	54,936
Change from '03	-2,223 -3.9%
	<u>Positions</u>
Authorized	79.0
Contractual	20.9
	99.9
Change from '03	-1.0

MARYLAND FOOD CENTER AUTHORITY

The authority operates the Maryland Wholesale Produce Market and the Maryland Wholesale Seafood Market in Howard County and the Rock Hall Seafood Processing Plant in Kent County. The authority is an off-budget agency with its revenue derived from rents, fees and other enterprise revenues.

	<u>\$ thousands</u>
Non-budgeted	2,923
Change from '03	-77 -2.6%
	<u>Positions</u>
Authorized	29.0
Change from '03	0.0

FORVM FOR RURAL MARYLAND

The FORVM is Maryland's rural development council. It seeks to promote solutions to the economic and development problems unique to rural areas by collaborating with federal, state, county, private and non-profit organizations.

	<u>\$ thousands</u>
General Funds	113
Federal Funds	117
	230
Change from '03	-15 -6.1%
	<u>Positions</u>
Authorized	3.0
Change from '03	0.0

HIGHER EDUCATION LABOR RELATIONS BOARD

This agency was initiated in FY 2002 with funding from the higher education institutions. Its role is to oversee collective bargaining for State institutions of higher education. The Board will investigate and take appropriate action in response to complaints of unfair labor practices and lockouts; investigate possible violations of collective bargaining and any other relevant matters; and hold hearings to resolve any issues or complaints arising under collective bargaining activities.

	<u>\$ thousands</u>
Reimbursable	399
Change from '03	-32 -7.4%
	<u>Positions</u>
Authorized	3.0
Contractual	0.4
	3.4
Change from '03	-0.1

Totals may not add due to rounding.

Independent Agencies

Maryland Budget Highlights FY 2004

COMMISSION ON HUMAN RELATIONS

The commission investigates and resolves cases of discrimination related to employment, housing and public accommodations. Efforts in fair employment practices and fair housing are supplemented by worksharing arrangements and contracts with the U.S. Equal Employment Opportunity Commission and the U.S. Department of Housing and Urban Development.

	<u>\$ thousands</u>
General Funds	2,623
Federal Funds	<u>827</u>
	3,450
Change from '03	371
	12.1%
	<u>Positions</u>
Authorized	50.5
Contractual	<u>2.0</u>
	52.5
Change from '03	0.0

OFFICE FOR INDIVIDUALS WITH DISABILITIES

The Office for Individuals with Disabilities coordinates policies related to citizens with disabilities, and monitors and assists the state's compliance with the federal Americans with Disabilities Act. It recommends capital projects to improve access for individuals with disabilities and administers the new Assistive Technology Loan Fund, which provides technical devices to assist those with disabilities.

	<u>\$ thousands</u>
General Funds	566
Special Funds	101
Federal Funds	<u>1,414</u>
	2,081
Change from '03	-54
	-2.5%
	<u>Positions</u>
Authorized	14.0
Contractual	<u>2.0</u>
	16.0
Change from '03	-1.0

INJURED WORKERS' INSURANCE FUND (IWIF)

IWIF provides workers' compensation insurance to state agencies and to private employers. IWIF is an off-budget agency. IWIF costs are funded from its premiums and other enterprise revenue. Figures are for calendar year 2003.

	<u>\$ thousands</u>
Non-budgeted	35,165
Change from '02	3,194
	9.1%

MARYLAND INSURANCE ADMINISTRATION

The Maryland Insurance Administration (MIA) licenses, examines and audits insurance companies operating in the state. It reviews rates and policies and collects the state insurance premiums tax. The newly established Maryland Health Insurance Plan (MHIP) will be an independent unit of state government within MIA and will receive a \$249,000 special fund allowance in FY 2004. MHIP will provide access to affordable health insurance for medically uninsurable and underinsured individuals. MIA will also administer the new Senior Prescription Drug Program for Medicare beneficiaries with income at or below 300% of poverty. Approximately 30,000 individuals are expected to be served by the program.

	<u>\$ thousands</u>
Special Funds	23,106
Change from '03	1,042
	4.7%
	<u>Positions</u>
Authorized	292.0
Contractual	<u>8.6</u>
	300.6
Change from '03	16.9

Totals may not add due to rounding.

STATE LOTTERY AGENCY

The State Lottery Agency manages the Maryland Lottery, which is the third largest source of state general fund revenue. The agency expects increased sales and revenues from Mega-Millions, Instant Tickets and Keno. It will phase out the Cash-In-Hand game.

	<u>\$ thousands</u>
Special Funds	53,266
Change from '03	1,282 2.5%
	<u>Positions</u>
Authorized	173.0
Contractual	5.5
Change from '03	178.5 -2.0

MILITARY DEPARTMENT

The Military Department includes the Army National Guard and the Air National Guard and the Maryland Emergency Management Agency. The budget provides \$653,605 for the 24-hour, 7-day a week State Emergency Operations Watch Center.

	<u>\$ thousands</u>
General Funds	14,711
Special Funds	308
Federal Funds	14,309
	29,327
Change from '03	-2,707 -8.4%
	<u>Positions</u>
Authorized	333.0
Contractual	48.5
Change from '03	381.5 0.0

HISTORIC ST. MARY'S CITY COMMISSION

The commission administers Historic St. Mary's City, an outdoor history and archaeology museum that preserves, develops, researches and interprets the site of Maryland's first capital.

	<u>\$ thousands</u>
General Funds	2,050
Special Funds	551
Federal Funds	14
	2,614
Change from '03	-276 -9.6%
	<u>Positions</u>
Authorized	39.0
Contractual	13.0
Change from '03	52.0 0.0

AFRICAN AMERICAN MUSEUM CORPORATION

The Maryland African American Museum Corporation oversees the development and programming of the future Reginald F. Lewis Museum of Maryland African American History and Culture. The new 82,000 square foot museum is scheduled to open in the fall of 2004. The corporation receives a grant from the state each fiscal year to cover operating expenses.

	<u>\$ thousands</u>
General Funds	1,162
Change from '03	420 56.5%

Totals may not add due to rounding.

Independent Agencies

Maryland Budget Highlights FY 2004

OFFICE OF PEOPLE'S COUNSEL

The People's Counsel represents consumers in proceedings before the Public Service Commission, federal agencies and the courts.

	<u>\$ thousands</u>
Special Funds	2,566
Change from '03	5
	0.2%
	<u>Positions</u>
Authorized	18.0
Contractual	<u>1.0</u>
	19.0
Change from '03	0.0

MARYLAND PREPAID COLLEGE TRUST

The program provides a means for payment of the cost of tuition in advance of enrollment at any institution of higher education based on tuition rates at Maryland public institutions. Prepaid College Trust is an off-budget agency with its revenue derived from payments received from higher education investment contracts and interest income earned from the investments of the program. Significant state tax benefits are provided to those who purchase contracts.

	<u>\$ thousands</u>
Non-budgeted	1,724
Change from '03	-47
	-2.6%
	<u>Positions</u>
Authorized	9.5
Contractual	<u>1.0</u>
	10.5
Change from '03	0.0

PROPERTY TAX ASSESSMENT APPEALS BOARDS

Appeals boards in each county and Baltimore City hear appeals in matters related to the assessment of property.

	<u>\$ thousands</u>
General Funds	942
Change from '03	8
	0.9%
	<u>Positions</u>
Authorized	9.0
Change from '03	0.0

STATE PROSECUTOR

The Office of the State Prosecutor is an independent agency that investigates and, where warranted, prosecutes criminal offenses affecting the honesty and integrity of our governmental officials and institutions and the electoral process. A major component of the budget is a new case management and fine tracking system that will be rolled-out in conjunction with the State Board of Elections.

	<u>\$ thousands</u>
General Funds	906
Change from '03	-19
	-2.1%
	<u>Positions</u>
Authorized	9.0
Contractual	<u>2.0</u>
	11.0
Change from '03	0.0

PUBLIC SERVICE COMMISSION

The Public Service Commission regulates utility rates and performs other public regulatory functions. Its budget is fully offset by assessments paid by regulated utilities.

	<u>\$ thousands</u>
Special Funds	12,745
Change from '03	1,933
	17.9%
	<u>Positions</u>
Authorized	142.0
Contractual	<u>4.0</u>
	146.0
Change from '03	7.0

Totals may not add due to rounding.

MARYLAND PUBLIC BROADCASTING COMMISSION (MPBC)

Maryland Public Broadcasting operates a network of public television stations across the state. MPBC is also a partner in implementing distance learning and other applications of technology to promote education and citizen access.

	<u>\$ thousands</u>
General Funds	11,375
Special Funds	21,678
Federal Funds	<u>3,383</u>
	36,436
Change from '03	-919
	-2.5%
	<u>Positions</u>
Authorized	166.0
Contractual	<u>10.7</u>
	176.7
Change from '03	-21.5

PUBLIC DEFENDER

The Office of the Public Defender operates in all 23 counties and Baltimore City. \$2.9 million is provided for the first year of a three-year plan to reduce the average caseload per attorney to 120% of the American Bar Association standard.

	<u>\$ thousands</u>
General Funds	62,446
Special Funds	260
Reimbursable	<u>1,432</u>
	64,138
Change from '03	5,825
	10.0%
	<u>Positions</u>
Authorized	876.5
Contractual	<u>108.5</u>
	985.0
Change from '03	71.2

BOARD OF PUBLIC WORKS

The Board of Public Works, comprised of the Governor, Comptroller and Treasurer, reviews and approves major state contracts, state bond issuances and various other government actions. The budget allowance includes \$3.9 million in grants to non-profits, including \$2 million for the Maryland Technology Development Corporation, \$678,744 for the Maryland State Firemen's Association and \$476,800 for the Historic Annapolis Foundation.

	<u>\$ thousands</u>
General Funds	5,453
Special Funds	<u>1,125</u>
	6,578
Change from '03	-1,123
	-14.6%
	<u>Positions</u>
Authorized	9.0
Change from '03	0.0

STATE RETIREMENT AGENCY

The State Retirement Agency manages retirement and pension programs for state employees, teachers, and other eligible government employees. The focus is on administering survivor, disability and retirement benefits of the system's participants. The agency is responsible for ensuring that sufficient assets are available to fund the benefits when due.

	<u>\$ thousands</u>
Special Funds	20,566
Change from '03	389
	1.9%
	<u>Positions</u>
Authorized	172.0
Contractual	<u>31.5</u>
	203.5
Change from '03	4.0

Totals may not add due to rounding.

Independent Agencies

Maryland Budget Highlights FY 2004

INTER-AGENCY COMMITTEE FOR PUBLIC SCHOOL CONSTRUCTION

The Inter-Agency Committee for Public School Construction (IAC) includes the State Superintendent of Schools, Secretary of General Services and Secretary of Planning. The IAC reviews proposed school construction and renovation projects and makes recommendations to the Board of Public Works for allocating state funding. \$10.37 million is provided for the Aging Schools Program and \$5.1 million for repayments to the Maryland School Technology Program.

	<u>\$ thousands</u>
General Funds	16,484
Change from '03	3,065
	22.8%
	<u>Positions</u>
Authorized	17.0
Change from '03	0.0

OFFICE FOR SMART GROWTH

The Office for Smart Growth coordinates the implementation of Maryland's Smart Growth efforts by serving as a one-stop shop for community groups, local and state officials, developers, and the general public. The Office helps coordinate the activities of other agencies, provides education and information on Smart Growth to the public, and facilitates the development of both redevelopment projects in existing communities and smart neighborhoods in growing communities.

	<u>\$ thousands</u>
General Funds	590
Change from '03	-10
	-1.7%
	<u>Positions</u>
Authorized	6.0
Change from '03	0.0

MARYLAND STADIUM AUTHORITY

The Stadium Authority manages the operation of Oriole Park at Camden Yards and the PSI Net football stadium in the Camden Yards complex. Non-budgeted funds reflect rents, fees and other enterprise revenues. General funds include the state's share of debt service and operating costs for convention and conference centers in Baltimore City, Montgomery County and Ocean City. Special funds reflect lottery revenues used for debt service and construction costs on stadium projects.

	<u>\$ thousands</u>
General Funds	10,500
Special Funds	22,000
Non-budgeted	<u>64,589</u>
	97,089
Change from '03	-16,685
	-14.7%
	<u>Positions</u>
Authorized	83.5
Contractual	<u>0.0</u>
	83.5
Change from '03	0.0

SUBSEQUENT INJURY FUND

The Subsequent Injury Fund provides compensation to injured workers whose disability is increased by a further injury. Without such a fund, employers might not take on the risk of hiring disabled workers. The fund's budget is fully offset by assessments collected from insurance carriers and disability awards.

	<u>\$ thousands</u>
Special Funds	1,779
Reimbursable	<u>16</u>
	1,795
Change from '03	56
	3.2%
	<u>Positions</u>
Authorized	17.6
Change from '03	0.0

Totals may not add due to rounding.

SUPPLEMENTAL RETIREMENT AGENCY

The Supplemental Retirement Agency administers tax-sheltered, deferred compensation and related programs for state employees and teachers. Funds for the agency come from management fees paid by plan participants.

	<u>\$ thousands</u>
Special Funds	1,399
Change from '03	48
	3.6%
	<u>Positions</u>
Authorized	16.5
Change from '03	0.0

MARYLAND TAX COURT

The Tax Court considers appeals of decisions of taxing authorities of the state or local governments.

	<u>\$ thousands</u>
General Funds	547
Change from '03	7
	1.4%
	<u>Positions</u>
Authorized	9.0
Contractual	<u>0.6</u>
Change from '03	0.0

MARYLAND TRANSPORTATION AUTHORITY

The Maryland Transportation Authority oversees Maryland's toll facilities and other authorized revenue projects. The authority operates the Susquehanna River Bridge, Potomac River Bridge, Chesapeake Bay Bridge, Baltimore Harbor Tunnel, John F. Kennedy Memorial Highway, Fort McHenry Tunnel and Francis Scott Key Bridge.

	<u>\$ thousands</u>
Non-budgeted	409,628
Change from '03	39,933
	10.8%
	<u>Positions</u>
Authorized	1,531.5
Change from '03	11.0

UNINSURED EMPLOYER FUND

The fund provides compensation to injured workers whose employers are not covered by appropriate insurance, as required by law. The fund seeks to recover the benefits and penalties from the negligent employers. The fund's budget is fully offset by assessments imposed by the Workers' Compensation Commission.

	<u>\$ thousands</u>
Special Funds	951
Change from '03	27
	2.9%
	<u>Positions</u>
Authorized	12.0
Change from '03	-1.0

UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS)

UMMS is a private, non-profit hospital corporation affiliated with the University of Maryland School of Medicine. The special fund support is a payment from the Emergency Medical Services Operations Fund to aid Shock-Trauma Unit operations, and \$3.5 million for the annual replacement of Shock Trauma Center equipment. General Funds support the excess uncompensated care and debt service for Montebello at Kernan Hospital.

	<u>\$ thousands</u>
General Funds	2,714
Special Funds	<u>6,964</u>
	9,677
Change from '03	221
	2.3%

Totals may not add due to rounding.

Independent Agencies

Maryland Budget Highlights FY 2004

MAJOR INFORMATION TECHNOLOGY DEVELOPMENT PROJECTS FUND

This new program is a nonlapsing fund administered by the State Chief Information Officer. The Fund is used for State Major Information Technology Development Projects, educationally related State Information Technology projects, application server provider initiatives or other Information Technology projects such as pilots and prototypes. A significant portion of the FY 2004 funding has been included for the following projects: Department of Human Resources CHESSE project (\$3.3 million), Department of Public Safety and Correctional Services National Crime Information Center (NCIC) 2000 project (\$2.25 million) and the Department of State Police Race Based Traffic Stops project (\$1.2 million).

	<u>\$ thousands</u>
Special Funds	8,946

DEPARTMENT OF VETERANS AFFAIRS

To provide enhanced services to Maryland's half-million veterans, their families and their survivors, Governor Glendening established the Maryland Department of Veterans Affairs. Effective October 1, 1999, the missions of the Maryland Veterans Commission, the Maryland Veterans Home Commission, and the State's interest in the War Memorial Commission were consolidated to provide a single point-of-contact for veterans services and information. On July 1, 2001, financial administration of the Maryland Military Monuments Commission became the Department's responsibility.

	<u>\$ thousands</u>
General Funds	9,389
Special Funds	207
Federal Funds	<u>6,722</u>
	16,318
Change from '03	-269
	-1.6%
	<u>Positions</u>
Authorized	65.0
Contractual	<u>1.9</u>
	66.9
Change from '03	-5.0

WORKERS' COMPENSATION COMMISSION

The commission reviews and adjudicates claims under Maryland's Workers' Compensation laws. The commission's budget is fully recovered by assessments imposed on insurance carriers and self-insured employers.

	<u>\$ thousands</u>
Special Funds	12,822
Reimbursable	<u>29</u>
	12,851
Change from '03	264
	2.1%
	<u>Positions</u>
Authorized	131.5
Contractual	<u>13.8</u>
	145.3
Change from '03	0.0

GOVERNOR'S WORKFORCE INVESTMENT BOARD

The board helps plan, monitor and evaluate Maryland's workforce investment efforts. A priority of the board is ensuring that the state's training and education programs meet the needs of today's employers.

	<u>\$ thousands</u>
General Funds	231
Reimbursable	<u>533</u>
	763
Change from '03	-164
	-17.7%
	<u>Positions</u>
Authorized	9.0
Change from '03	-1.0

Totals may not add due to rounding.

SUPPORTING LOCAL GOVERNMENT

AID TO LOCAL GOVERNMENTS INCREASES BY 4.3% IN THE FISCAL YEAR 2004 BUDGET

The fiscal year 2004 allowance provides an additional \$177 million of State aid to local government. The primary increase, \$211 million in direct aid to public schools, reflects the full funding of the second year of the Bridge to Excellence in Public Schools Act enacted at the 2002 Session.

The increase for public schools reflects increases of over \$178 million for the foundation program, over \$211 million for compensatory education, and almost \$40 million for special education programs.

The tables reflect a proposed reduction in certain local aid programs as part of the overall budget balancing strategy, as well as a decline in the disparity grant calculated as prescribed by statute. The proposed budget includes an adjustment to the disparity grant to offset some of the decline and proposed reductions.

Summary of Direct Aid by Category (\$ thousands)

	2003 Appropriation	2004 Allowance	\$ Change	% Change
Primary & Secondary Education	2,756,860	2,968,102	211,242	7.7%
Libraries	39,620	41,229	1,609	4.1%
Community Colleges	169,465	169,417	-48	-0.0%
Transportation	440,552	366,758	-73,794	-16.8%
Public Safety	90,994	94,832	3,838	4.2%
Disparity Grants	115,180	110,831	-4,348	-3.8%
Public Health	61,936	61,936	0	0.0%
Natural Resources	18,261	25,094	6,833	37.4%
Other	39,549	40,723	1,174	3.0%
Total Direct State Aid	3,732,417	3,878,922	146,505	3.9%
Retirement Contributions	377,674	408,445	30,771	8.1%
Total State Aid	4,110,091	4,287,367	177,276	4.3%

Totals may not add due to rounding.

DIRECT AID TO LOCAL GOVERNMENT: \$3.9 BILLION

Summary of Direct Aid by Subdivision (\$ thousands)

	2003 Appropriation	2004 Allowance	\$ Change	% Change
Allegany	68,486	68,821	334	0.5%
Anne Arundel	257,415	259,432	2,017	0.8%
Baltimore City	849,635	866,962	17,327	2.0%
Baltimore County	381,374	396,747	15,373	4.0%
Calvert	63,690	68,155	4,465	7.0%
Caroline	34,084	34,659	576	1.7%
Carroll	107,890	111,219	3,329	3.1%
Cecil	69,529	71,709	2,181	3.1%
Charles	98,845	106,236	7,391	7.5%
Dorchester	27,661	28,519	858	3.1%
Frederick	138,221	144,048	5,826	4.2%
Garrett	31,633	31,903	270	0.9%
Harford	151,668	159,574	7,907	5.2%
Howard	133,562	145,485	11,923	8.9%
Kent	12,233	12,429	196	1.6%
Montgomery	327,000	346,411	19,411	5.9%
Prince George's	634,755	661,498	26,743	4.2%
Queen Anne's	26,697	26,988	291	1.1%
St. Mary's	61,648	65,606	3,958	6.4%
Somerset	23,350	23,521	171	0.7%
Talbot	11,798	13,885	2,088	17.7%
Washington	88,594	91,089	2,495	2.8%
Wicomico	70,478	74,338	3,861	5.5%
Worcester	18,405	20,505	2,100	11.4%
Statewide/Unallocated	43,768	49,183	5,415	12.4%
Total	3,732,417	3,878,922	146,505	3.9%

Totals may not add due to rounding.

TOTAL AID TO LOCAL GOVERNMENT: \$4.3 BILLION

Summary of Total Aid by Subdivision (\$ thousands)

	2003 Appropriation	2004 Allowance	\$ Change	% Change
Allegany	72,922	73,622	700	1.0%
Anne Arundel	288,561	293,118	4,557	1.6%
Baltimore City	892,031	913,041	21,010	2.4%
Baltimore County	429,588	448,902	19,314	4.5%
Calvert	70,380	75,387	5,007	7.1%
Caroline	36,293	37,048	755	2.1%
Carroll	118,548	122,743	4,195	3.5%
Cecil	75,785	78,476	2,691	3.6%
Charles	108,382	116,553	8,172	7.5%
Dorchester	29,660	30,680	1,020	3.4%
Frederick	152,684	159,692	7,007	4.6%
Garrett	33,761	34,204	444	1.3%
Harford	167,170	176,338	9,168	5.5%
Howard	156,378	170,154	13,776	8.8%
Kent	13,530	13,831	301	2.2%
Montgomery	403,167	428,594	25,427	6.3%
Prince George's	686,731	717,712	30,981	4.5%
Queen Anne's	29,623	30,153	530	1.8%
St. Mary's	67,670	72,118	4,449	6.6%
Somerset	24,665	24,944	278	1.1%
Talbot	13,805	16,056	2,252	16.3%
Washington	96,801	99,967	3,166	3.3%
Wicomico	76,440	80,786	4,347	5.7%
Worcester	21,697	24,064	2,367	10.9%
Statewide/Unallocated	43,821	49,183	5,362	12.2%
Total	4,110,091	4,287,367	177,276	4.3%

Totals may not add due to rounding.

PRIMARY AND SECONDARY EDUCATION

Foundation Program: The foundation program is the largest single local aid program and replaced the former basic current expense formula as part of the comprehensive legislation enacted in the 2002 Session – the Bridge to Excellence in Public Schools Act. The fiscal year 2004 budget amount is \$2.017 billion, an increase of over \$178 million. Under the foundation program, aid continues to be distributed according to public school enrollment and equalized for taxable wealth so that jurisdictions with smaller per pupil tax bases receive proportionately more aid. The Act provided for a “minimum component” that is operative in fiscal year 2004 for 3 subdivisions whereby the State share is equal to at least 25% of the total program; the minimum percentage declines in future years. In addition, the new foundation program provides for a “regional component” of aid that recognizes higher educational costs in 4 subdivisions; in future years, this will be based on a new cost of education index to be developed.

Compensatory Education: The Compensatory Aid program is directed toward the education of children who are economically and environmentally disadvantaged. The Bridge to Excellence act directs the aid according to the number of students receiving free or reduced price meals. In addition, the Act provides for a considerably higher funding level and increasing State minimum funding levels. The distribution of this aid category continues to be wealth-equalized. The fiscal 2004 amount of \$353.2 million is an increase of \$211.2 million.

Special Education: Aid for special education is provided to school systems to help cover the additional cost of educating students with needs for special services. These funds are allocated on a formula basis for students in local schools and to support children placed in non-public special education schools. The Bridge to Excellence act adjusted the basis for allocating aid for the students in local schools, phasing out the “two tier” method over time so that the grant is increasingly wealth equalized. In addition, the Act provides for increasing funding and State minimum levels. The fiscal year 2004 amount reflects an increase of \$37.6 million.

Student Transportation: The Bridge to Excellence act also rebased the grant for the transportation of students to and from school and phased in an increased amount of aid for transporting special needs students. The combined fiscal year 2004 grant increases by \$28.3 million.

Other Education Aid: The fiscal year 2004 budget includes \$38.9 million to support students with limited English proficiency. The Bridge to Excellence act provides increased funding levels and phasing in equalizing the grant on wealth. The fiscal year 2004 budget also includes \$35.9 million for the Governor’s Teacher Salary Program and \$28.2 million for the Baltimore City partnership, which are being phased out under the Act. Other programs bring the total of other education aid to \$206.3 million.

(\$ thousands)

	Foundation Program	Compensatory Ed.	Special Ed.	Student Trans.	Other	TOTAL	\$ Change from 2003
Allegany	31,742	7,908	3,016	3,095	2,517	48,277	1,910
Anne Arundel	136,609	10,262	19,486	14,276	9,701	190,334	5,717
Baltimore City	326,389	128,738	60,554	13,750	56,663	586,095	18,684
Baltimore County	221,042	28,192	22,969	18,277	19,449	309,930	23,912
Calvert	44,610	2,628	2,701	3,617	1,453	55,008	5,723
Caroline	17,474	4,153	1,035	1,696	2,265	26,622	1,906
Carroll	74,995	3,002	6,097	6,347	2,262	92,703	6,210
Cecil	45,711	4,810	3,343	3,347	3,003	60,213	3,808
Charles	66,773	6,902	4,286	6,363	3,616	87,940	9,304
Dorchester	13,198	3,096	724	1,548	1,378	19,944	1,566
Frederick	98,420	5,815	4,790	7,356	3,901	120,282	9,567
Garrett	12,749	2,460	822	1,982	1,082	19,095	52
Harford	105,440	8,647	8,099	7,942	3,634	133,762	11,059
Howard	92,812	4,033	6,619	9,593	5,496	118,554	14,774
Kent	4,584	887	404	1,046	1,028	7,948	-265
Montgomery	164,353	20,129	21,292	24,199	29,609	259,582	27,964
Prince George’s	385,172	84,541	43,672	25,012	30,037	568,433	42,254
Queen Anne’s	15,342	1,102	913	2,090	1,128	20,575	1,320
St. Mary’s	42,553	4,418	2,946	4,029	2,323	56,269	5,496
Somerset	9,180	3,002	580	1,218	773	14,753	754
Talbot	5,025	878	336	1,034	1,228	8,501	3,035
Washington	53,476	7,647	4,319	4,125	3,076	72,644	6,695
Wicomico	41,825	8,412	2,150	3,319	3,332	59,038	6,009
Worcester	7,698	1,517	427	1,955	1,147	12,746	3,453
Statewide/Unalloc	0	0	2,696	0	16,162	18,857	336
Total	2,017,174	353,178	224,275	167,215	206,260	2,968,102	211,242

Totals may not add due to rounding.

LIBRARIES

Library Aid Formula: The State supports the current operating and capital expenses of local library systems. Aid is distributed on the basis of population and is equalized so that jurisdictions with smaller per capita tax bases receive more aid per capita. Fiscal year 2004 aid is \$27.3 million and reflects a program level of \$12.00 per capita.

State Library Network: The library network program provides aid for the State Library Resource Center at the Enoch Pratt Central Library in Baltimore and the three regional resources centers in non-metropolitan areas. The network is budgeted at \$13.9 million, an increase of \$1.4 million. This increase reflects the effect of legislation mandating funding for the State Library Resource Center at a level of \$1.85 per resident for fiscal year 2004 and increases funding for the regional resource centers to \$4.50 per resident in fiscal year 2004.

	(\$ thousands)			
	Formula	Network	TOTAL	\$ Change from 2003
Allegany	633		633	-2
Anne Arundel	1,868		1,868	29
Baltimore City	5,464		5,464	-70
Baltimore County	3,963		3,963	109
Calvert	300		300	2
Caroline	218		218	0
Carroll	725		725	-10
Cecil	519		519	2
Charles	617		617	-13
Dorchester	210		210	4
Frederick	847		847	25
Garrett	162		162	-12
Harford	1,154		1,154	-8
Howard	627		627	14
Kent	84		84	0
Montgomery	2,162		2,162	30
Prince George's	5,236		5,236	-1
Queen Anne's	129		129	-10
St. Mary's	467		467	-17
Somerset	223		223	-1
Talbot	83		83	1
Washington	857		857	5
Wicomico	619		619	13
Worcester	119		119	3
Statewide/Unallocated	0	13,945	13,945	1,514
Total	27,285	13,945	41,229	1,609

Totals may not add due to rounding.

COMMUNITY COLLEGES

Current Expense Formula: The current expense formula bases funding on a percentage of the previous year's appropriation per FTE student at four-year public higher education institutions. The table assumes the approval of reductions to appropriations for those institutions for fiscal year 2003. The change from fiscal 2003 reflects a proposed reduction of 4% per community college for fiscal year 2003.

Unrestricted Grants and Special Programs: The budget includes \$2.7 million for a Statewide program for out of county or out of State students in regional or health manpower shortage programs, \$2.5 million each for unrestricted grants and for the English for Speakers of Other Languages program, \$0.3 million for out-of-county students and out-of-State student agreements, and \$.6 million to address the unique challenges of two colleges in the Appalachian region.

Optional Retirement: The State distributes funds directly to the Community Colleges to reimburse them for the employer cost of members of the Optional Retirement System, a vendor operated, defined contribution plan offered as an alternative to the State's defined benefit pension and retirement systems.

(\$ thousands)

	Unrestricted/ Formula	Special Programs	Optional Retirement		\$ Change TOTAL from 2003
Allegany	3,620	860	127	4,607	-12
Anne Arundel	20,673	237	1,623	22,533	142
Baltimore City	0	0	0	0	0
Baltimore County	32,131	293	1,381	33,805	-75
Calvert	995	0	74	1,069	7
Caroline	897	62	38	998	3
Carroll	4,512	267	244	5,024	-2
Cecil	2,963	258	234	3,455	-1
Charles	5,177	1	385	5,562	35
Dorchester	811	56	35	902	3
Frederick	5,465	27	421	5,913	16
Garrett	1,766	903	80	2,749	-5
Harford	7,397	35	316	7,748	107
Howard	8,194	296	605	9,095	90
Kent	406	28	17	451	1
Montgomery	26,605	1,404	1,883	29,892	-20
Prince George's	17,913	138	548	18,600	-53
Queen Anne's	1,068	74	45	1,188	3
St. Mary's	1,452	0	108	1,560	10
Somerset	521	198	22	741	20
Talbot	1,011	70	43	1,124	3
Washington	4,497	500	160	5,157	17
Wicomico	2,827	151	119	3,098	106
Worcester	1,356	73	57	1,486	51
Statewide/Unallocated	0	2,662	0	2,662	-495
Total	152,257	8,595	8,565	169,417	-48

Totals may not add due to rounding.

POLICE, FIRE & PUBLIC SAFETY

Aid for Police Protection: The State gives grants to the counties to help provide for police protection services. This aid, which is \$63.6 million for fiscal year 2004, is distributed through a formula based on population and population density. Grants are shared between counties and municipalities on the basis of expenditures, and municipalities receive an additional grant based on the number of police officers.

Aid for Fire, Rescue and Ambulance Systems: Counties and municipalities receive grants for fire, rescue and ambulance equipment and capital renovations. The budget includes \$10.0 million in grants for these services.

Special Grants: The budget includes \$7.3 million for Baltimore City foot patrol, violent crime grants and community policing; \$4.2 million for special drug enforcement and violent crime grant programs in Prince George's County; and \$1 million in STOP Gun Violence Grants. Also included is \$2.6 million for special grants awarded by the Vehicle Theft Prevention Council; \$5.3 million for grants from the State's 10-cent telephone surcharge for the "911" emergency system; \$0.550 million to help enforce school bus safety laws; and \$0.3 million in miscellaneous grants

(\$ thousands)

	Police Aid	Fire & Rescue	Special Grants	TOTAL	\$ Change from 2003
Allegany	899	232	0	1,131	-2
Anne Arundel	6,608	818	0	7,426	687
Baltimore City	320	992	7,300	8,611	-11
Baltimore County	9,861	1,198	0	11,059	110
Calvert	728	200	0	928	20
Caroline	326	200	0	526	8
Carroll	1,528	262	0	1,790	24
Cecil	897	204	0	1,102	12
Charles	1,141	225	0	1,366	17
Dorchester	368	218	0	586	4
Frederick	2,103	354	0	2,458	48
Garrett	251	200	0	451	2
Harford	2,192	366	0	2,558	24
Howard	3,005	378	0	3,383	71
Kent	203	207	0	410	5
Montgomery	14,624	1,305	0	15,929	196
Prince George's	13,606	1,113	4,163	18,881	135
Queen Anne's	392	200	0	592	5
St. Mary's	799	200	0	999	10
Somerset	237	212	0	449	1
Talbot	411	212	0	624	14
Washington	1,400	226	0	1,625	4
Wicomico	956	233	0	1,189	-11
Worcester	683	244	0	927	23
Statewide/Unallocated	32	0	9,800	9,832	2,445
Total	63,570	10,000	21,263	94,832	3,838

Totals may not add due to rounding.

TRANSPORTATION

Highway User Revenues: The motor vehicle fuel tax, motor vehicle registration fees, a share of the motor vehicle titling tax and a share of the corporate income tax are designated as Highway User Revenues. The State shares 30% of these revenues with the counties and municipalities to help fund the construction and maintenance of local roads. The distribution is made according to a formula based on locally maintained road mileage and vehicle registrations. Baltimore City, the only subdivision that maintains state and federal highways in addition to its own, receives the greater of \$157.5 million or 38% of the local highway user revenue allocation plus 11.5% of the increase in local share.

The table reflects the plan to transfer a portion of the local share of highway user revenues to the General Fund in the amounts of \$102.4 million from the fiscal year 2004 revenues and \$17.9 million from the fiscal year 2003 revenues. The table also reflects setting the grant to Baltimore City at \$170 million for fiscal year 2004.

Elderly and Disabled Transportation: Grants totaling \$4.8 million are provided to fund local transportation services for elderly and disabled persons; 60% of the money is distributed equally among the counties and Baltimore City, and 40% is based on the distribution of the elderly and disabled populations. In addition, \$3.3 million is included to help defray the cost of providing paratransit services required under the federal Americans with Disabilities Act.

(\$ thousands)

	Highway Users	Elderly & Disabled		\$ Change TOTAL from 2003
Allegany	4,451	265	4,717	-1,692
Anne Arundel	18,369	850	19,219	-6,982
Baltimore City	170,000	509	170,509	-1,817
Baltimore County	25,273	467	25,740	-9,606
Calvert	3,602	235	3,838	-1,369
Caroline	2,936	134	3,071	-1,116
Carroll	8,105	166	8,271	-3,081
Cecil	4,565	172	4,737	-1,735
Charles	5,582	392	5,974	-2,122
Dorchester	3,348	138	3,487	-1,273
Frederick	10,595	752	11,347	-4,027
Garrett	3,790	134	3,924	-1,441
Harford	9,340	299	9,639	-3,550
Howard	9,242	746	9,988	-3,513
Kent	1,691	131	1,822	-643
Montgomery	26,313	408	26,721	-10,002
Prince George's	22,782	611	23,393	-8,950
Queen Anne's	3,314	137	3,450	-1,259
St. Mary's	4,302	340	4,642	-1,635
Somerset	2,009	133	2,142	-764
Talbot	2,676	141	2,817	-1,017
Washington	6,932	447	7,379	-2,635
Wicomico	5,367	212	5,579	-2,040
Worcester	4,016	337	4,354	-1,527
Statewide/Unallocated	0	0	0	0
Total	358,600	8,157	366,758	-73,794

Totals may not add due to rounding.

MISCELLANEOUS

Local Health Grants: This program funds a wide range of preventive health services such as family planning, maternity and child care assistance, cancer control and AIDS education and outreach.

Disparity Grants: Grants are distributed to counties whose per capita income tax revenues are less than 75% of the Statewide average. The fiscal year 2004 grant reflects a decrease of \$18.5 million in the statutorily mandated level of funding offset by a proposed grant of \$14.2 to mitigate somewhat the decrease in this grant and the reduction in the local share of highway user revenues. The offset is contingent on transferring the local share to the General Fund and on a plan for local governments to share in the cost of the administration of property tax assessments.

Program Open Space: A portion of the State property transfer tax revenue is distributed to local governments for the acquisition and development of parks. The distribution is based on the prior years' distribution of transfer tax revenues and population growth. The fiscal year 2004 amount includes a \$1.0 million grant to Baltimore City from the State share of Program Open Space. The table assumes the enactment of legislation altering the allocation of prior year's transfer tax revenues and includes proposed bond funding in place of transfer tax revenues that will instead be transferred to the General Fund.

Other: Other miscellaneous grants include \$30.6 million to offset revenues lost as a result of providing a 50% exemption from the personal property tax for equipment used to generate electricity for sale. A share of taxes on horse racing is paid to jurisdictions that contain, or are located close to, thoroughbred racetracks. The budget also reflects grants to Baltimore City of a \$5 share of every security interest-filing fee collected by the Motor Vehicle Administration; payments in lieu of taxes to Baltimore City of \$1.5 million and to Anne Arundel County of \$75,000; and \$750,000 to help local governments for implementation of their critical area programs. Also included is \$500,000 for grants to support senior citizens activities centers, \$500,000 as a grant to Baltimore City to assist in lead paint elimination, and \$2.4 million in State assistance for the purchase of voting machines.

(\$ thousands)

	Local Health	Program Open Space	Disparity Grant	Other	TOTAL	\$ Change from 2003
Allegany	1,543	268	7,647	0	9,457	132
Anne Arundel	5,231	2,905	1,600	8,315	18,052	2,426
Baltimore City	11,050	2,914	76,477	5,843	96,284	541
Baltimore County	7,135	3,270	0	1,845	12,250	923
Calvert	624	292	0	6,097	7,012	82
Caroline	904	126	2,195	0	3,225	-226
Carroll	2,049	657	0	0	2,706	187
Cecil	1,347	336	0	0	1,683	96
Charles	1,661	593	0	2,523	4,777	169
Dorchester	714	109	2,379	187	3,390	555
Frederick	2,509	693	0	-0	3,202	198
Garrett	730	136	4,645	12	5,523	1,674
Harford	2,884	970	0	861	4,714	275
Howard	2,016	1,717	0	105	3,838	485
Kent	558	82	1,075	0	1,714	1,098
Montgomery	4,984	4,375	0	2,766	12,124	1,244
Prince George's	8,268	3,693	7,067	7,926	26,955	-6,642
Queen Anne's	697	178	180	0	1,055	231
St. Mary's	1,341	328	0	0	1,668	94
Somerset	707	78	4,427	0	5,212	161
Talbot	551	186	0	0	738	52
Washington	2,308	511	251	357	3,427	-1,591
Wicomico	1,586	342	2,889	0	4,817	-218
Worcester	538	336	0	-0	874	96
Statewide/Unallocat	0	0	0	3,887	3,887	1,615
Total	61,936	25,094	110,831	40,723	238,584	3,658

Totals may not add due to rounding.

RETIREMENT CONTRIBUTIONS

Under this statutory program, the State pays on behalf of each county board of education, library system, and community college the entire cost of pension and retirement benefits for eligible teachers, librarians and employees. There is an exception for Montgomery County where librarians have elected to remain in the Montgomery County Retirement System rather than in the State system, in which case the State remits the lesser of the cost of retirement for the county or the State systems. In addition, the State provides retirement benefits for certain local employees, primarily in the offices of local sheriffs and State's attorneys. Prior to the fiscal year 2000 budget, the State's contribution was provided indirectly through the actuarial adjustment of the State's contribution rate.

There is no distribution of funds directly to the subdivisions, but rather lump sum payments are made to the State's retirement board. Each subdivision's share of the State's retirement appropriation, however, can be estimated based on county-by-county salary data. The table reflects the enactment of legislation last year establishing a "corridor" method of funding certain retirement systems whereby the contribution rates remain constant as long as the overall funding remains between 90% and 110% of full funding.

(\$ thousands)

	Boards of Education	Libraries	Community Colleges	Certain Local Employees	TOTAL	\$ Change over 2003
Allegany	4,076	68	650	7	4,801	365
Anne Arundel	31,420	719	1,518	28	33,686	2,540
Baltimore City	43,647	1,051	0	1,381	46,079	3,683
Baltimore County	48,239	1,004	2,904	8	52,155	3,941
Calvert	6,988	116	99	29	7,232	543
Caroline	2,223	65	94	5	2,388	179
Carroll	10,883	312	324	5	11,524	866
Cecil	6,471	89	199	7	6,766	510
Charles	9,663	141	513	0	10,317	781
Dorchester	2,032	36	85	9	2,161	162
Frederick	14,853	268	523	0	15,644	1,181
Garrett	2,106	47	148	0	2,301	174
Harford	15,616	485	663	0	16,764	1,261
Howard	23,281	612	737	39	24,669	1,854
Kent	1,324	34	43	2	1,402	105
Montgomery	77,291	1,413	3,475	5	82,184	6,016
Prince George's	53,016	977	2,145	75	56,214	4,238
Queen Anne's	2,989	58	112	5	3,165	238
St. Mary's	6,243	125	144	0	6,513	491
Somerset	1,372	22	29	0	1,423	107
Talbot	2,025	39	106	0	2,171	164
Washington	8,223	162	489	4	8,878	671
Wicomico	6,195	88	157	8	6,448	486
Worcester	3,392	87	76	5	3,559	267
Unallocated	0	0	0	0	0	-53
Total	383,567	8,019	15,234	1,625	408,445	30,771

Totals may not add due to rounding.

**Appropriation Detail
All Budgeted Funds - \$ thousands**

	Fiscal Years		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Disparity Grants	89,290	115,180	110,831
Security Interest Filing Fees	2,798	2,750	3,025
Retirement - Local Employees	1,150	1,356	1,625
Electricity Property Tax Grants	30,615	30,615	30,615
General Assembly of Maryland	56,702	59,046	60,138
Judiciary	272,795	285,944	306,262
Office of the Public Defender	57,318	57,146	62,706
Office of the Attorney General	19,288	20,559	20,127
Office of the State Prosecutor	914	925	906
Maryland Tax Court	535	540	547
Public Service Commission	12,852	10,472	12,745
Office of People's Counsel	2,496	2,561	2,566
Subsequent Injury Fund	1,698	1,732	1,779
Uninsured Employers' Fund	909	924	951
Workers' Compensation Commission	10,647	12,527	12,822
Board of Public Works	7,276	7,701	6,578
Public Works - Capital Appropriation	222,356	19,436	4,400
Executive Department	8,289	8,741	8,588
Office of the Deaf and Hard of Hearing	0	209	279
Office For Individuals With Disabilities	3,259	2,100	2,081
Maryland Energy Administration	4,359	4,181	4,215
Office for Children, Youth and Families	5,361	5,838	5,754
Exec.-Boards, Commissions and Offices	58,183	56,424	54,421
Secretary of State	2,999	3,131	3,052
Historic St. Mary's City Commission	3,529	2,891	2,614
Office for Smart Growth	403	600	590
Public School Construction	11,375	13,337	16,484
Department on Aging	46,527	53,111	49,792
Commission on Human Relations	3,497	3,079	3,450
Maryland Stadium Authority	36,762	32,410	32,500
State Board of Elections	4,570	7,343	7,117
State Board of Contract Appeals	458	525	535
Department of Planning	8,969	8,745	8,310
Military Department	34,869	32,033	29,327
Inst. for Emerg. Medical Services Systems	10,307	10,206	10,660
Veterans Affairs	12,529	16,588	16,318
State Archives	5,268	5,144	4,671
Maryland Insurance Administration	22,138	22,065	23,356
Governor's Work Force Investment Board	407	395	231
Forvm for Rural Maryland	226	228	230
Canal Place Authority	2,893	1,467	448
Office of Administrative Hearings	45	6	6

(continued on next page)

Note: These totals differ from those on the individual department summaries because these figures exclude reimbursable funds.

Appendix A (continued)

Appropriation Detail All Budgeted Funds - \$ thousands

	Fiscal Years		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Comptroller of Maryland	81,978	82,534	81,406
State Treasurer's Office	4,650	4,528	4,387
State Assessments and Taxation	95,795	99,155	92,852
Lottery Agency	50,557	51,984	53,266
Property Tax Assessment Appeals Boards	978	933	942
Registers of Wills	59	75	75
Budget and Management	84,116	55,683	52,740
Major Information Technology Dev. Fund	0	0	8,947
State Retirement and Pension Systems	19,565	20,176	20,566
Supplemental Retirement Plans	1,487	1,351	1,399
General Services	54,643	57,752	54,575
Transportation	3,004,335	3,211,760	3,203,076
Natural Resources	275,767	223,301	242,678
Agriculture	87,275	103,651	77,383
Health and Mental Hygiene	4,941,220	5,393,693	5,769,629
Human Resources	1,513,545	1,535,973	1,535,253
Labor, Licensing, and Regulation	173,903	196,477	176,812
Public Safety and Correctional Services	892,265	903,964	908,473
State Department of Education	3,842,767	4,132,603	4,477,466
Morgan State University	149,821	150,651	158,280
St. Mary's College of Maryland	39,741	43,991	45,275
Public Broadcasting Commission	41,744	37,355	36,436
University System of Maryland	2,803,357	2,979,141	3,088,438
University of Maryland Medical System	9,513	9,456	9,677
Maryland Higher Education Commission	328,918	349,330	349,986
Baltimore City Community College	66,250	72,462	75,447
Maryland School For the Deaf	19,694	20,253	21,919
Housing and Community Development	210,365	234,376	226,924
African American Museum Corporation	708	742	1,162
Business and Economic Development	152,278	137,147	116,929
Department of the Environment	217,562	156,932	164,922
Juvenile Justice	174,332	186,427	187,410
State Police	281,263	290,568	290,990
Public Debt	512,269	726,283	422,684
State Reserve Fund	233,384	181,029	3,000
Total	21,442,972	22,571,949	22,885,053
Proposed Deficiency Appropriations (see Appendix C)		81,597	
Adjusted Total	21,442,972	22,653,545	22,885,053

Totals may not add due to rounding.

Appendix A

Appropriation Detail General Funds - \$ thousands

	Fiscal Years		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Disparity Grants	89,290	115,180	110,831
Security Interest Filing Fees	2,798	2,750	3,025
Retirement - Local Employees	1,150	1,356	1,625
Electricity Property Tax Grants	30,615	30,615	30,615
General Assembly of Maryland	56,702	59,046	60,138
Judiciary	258,128	270,397	291,111
Office of the Public Defender	57,080	56,916	62,446
Office of the Attorney General	17,368	17,776	18,085
Office of the State Prosecutor	914	925	906
Maryland Tax Court	535	540	547
Public Service Commission	10,047	0	0
Office of People's Counsel	2,496	0	0
Workers' Compensation Commission	10,482	0	0
Board of Public Works	6,151	5,576	5,453
Board of Public Works - Capital	222,356	6,500	2,000
Executive Department	8,289	8,712	8,588
Office of the Deaf and Hard of Hearing	0	209	279
Office For Individuals With Disabilities	677	584	566
Maryland Energy Administration	406	478	419
Office for Children, Youth and Families	4,865	5,235	5,150
Executive -Boards, Commissions and Offices	10,703	10,798	10,731
Secretary of State	2,496	2,638	2,557
Historic St. Mary's City Commission	2,926	2,181	2,050
Office for Smart Growth	403	600	590
Public School Construction	11,374	11,444	16,484
Department on Aging	21,346	23,700	23,261
Commission on Human Relations	2,748	2,524	2,623
Maryland Stadium Authority	9,532	10,461	10,500
State Board of Elections	4,570	7,343	7,117
State Board of Contract Appeals	458	525	535
Department of Planning	8,543	8,574	8,085
Military Department	12,841	14,743	14,711
Veterans Affairs	7,224	6,588	9,389
State Archives	2,805	2,822	2,658
Governor's Work Force Investment Board	362	250	231

(continued on next page)

Appendix A (continued)

Appropriation Detail General Funds - \$ thousands

	Fiscal Years		
	<u>2002</u>	<u>2003</u>	<u>2004</u>
Forvm for Rural Maryland	116	113	113
Canal Place Authority	2,764	1,388	293
Office of Administrative Hearings	25	0	0
Comptroller of Maryland	67,904	68,595	68,433
State Treasurer's Office	4,166	4,036	3,768
Department of Assessments and Taxation	93,052	96,414	90,083
Property Tax Assessment Appeals Boards	978	933	942
Registers of Wills	59	75	75
Budget and Management	66,270	38,167	35,436
General Services	52,036	54,579	52,334
Natural Resources	84,427	82,074	77,599
Agriculture	32,699	29,243	28,809
Health and Mental Hygiene	2,693,539	2,837,677	3,015,143
Human Resources	482,710	475,181	531,130
Labor, Licensing, and Regulation	28,390	29,351	28,751
Public Safety and Correctional Services	767,900	782,402	788,860
State Department of Education	3,081,453	3,263,715	3,646,098
Public Broadcasting Commission	18,278	11,068	11,375
University of Maryland Medical System	2,748	2,593	2,714
Maryland Higher Education Commission	321,628	334,107	343,575
State Operated Inst of Higher Education	961,262	967,292	900,225
Maryland School For the Deaf	18,615	19,262	20,901
Housing and Community Development	46,658	29,524	13,497
African American Museum Corporation	708	742	1,162
Business and Economic Development	83,680	75,128	63,684
Department of the Environment	57,467	50,531	41,985
Juvenile Justice	161,274	170,927	172,393
State Police	225,948	234,093	232,544
Public Debt	103,455	94,020	82,100
State Reserve Fund	233,384	181,029	3,000
Total	10,572,275	10,622,248	10,970,326
Proposed Deficiency Appropriations (see Appendix C)		76,565	
Adjusted Total	10,572,275	10,698,812	10,970,326

Totals may not add due to rounding.

Appendix B

Position Summary Full-Time Equivalent Positions

	Fiscal Years					
	2002		2003		2004	
	<u>Auth.</u>	<u>Contr.</u>	<u>Auth.</u>	<u>Contr.</u>	<u>Auth.</u>	<u>Contr.</u>
General Assembly of Maryland	730	-	730	-	730	-
Judiciary	3,010	371	3,224	390	3,242	372
Office of the Public Defender	763	83	806	108	877	109
Office of the Attorney General	261	3	248	1	248	-
Office of the State Prosecutor	9	2	9	2	9	2
Maryland Tax Court	9	1	9	1	9	1
Public Service Commission	140	1	138	1	142	4
Office of People's Counsel	18	1	18	1	18	1
Subsequent Injury Fund	19	-	18	-	18	-
Uninsured Employers' Fund	13	-	13	-	12	-
Workers' Compensation Commission	133	8	133	13	132	14
Board of Public Works	9	-	9	-	9	-
Executive Department	87	4	85	4	85	4
Office of the Deaf and Hard of Hearing	-	-	3	-	3	-
Office for Individuals With Disabilities	15	2	15	2	14	2
Maryland Energy Administration	20	1	20	2	20	1
Office for Children, Youth and Families	47	18	48	17	47	17
Executive -Boards, Commissions and Offices	80	20	79	22	79	21
Secretary of State	39	2	38	2	35	3
Historic St. Mary's City Commission	41	13	39	13	39	13
Office for Smart Growth	3	2	6	-	6	-
Public School Construction	17	-	17	-	17	-
Department On Aging	57	8	51	12	56	7
Commission On Human Relations	54	3	51	2	51	2
State Board of Elections	28	2	30	3	30	3
State Board of Contract Appeals	5	-	5	-	5	-
Department of Planning	135	13	129	8	124	8
Military Department	323	55	343	39	333	49
Inst. for Emergency Medical Services Systems	95	9	93	10	93	9
Department of Veterans Affairs	73	2	70	2	65	2
State Archives	47	47	45	49	45	36
Maryland Insurance Administration	273	7	280	10	296	9
Governor's Work Force Investment Board	10	-	10	-	9	-
Forum For Rural Maryland	2	1	3	-	3	-
Canal Place Authority	4	-	4	-	4	-
Office of Administrative Hearings	141	-	133	-	129	-
Comptroller of Maryland	1,152	25	1,126	29	1,126	25

(continued on next page)

Totals may not add due to rounding.

Appendix B (continued)

Position Summary Full-Time Equivalent Positions

	Fiscal Years					
	2002		2003		2004	
	Auth.	Contr.	Auth.	Contr.	Auth.	Contr.
State Treasurer's Office	52	1	53	-	53	-
State Department of Assessments and Taxation	763	3	736	3	726	3
Lottery Agency	175	6	175	6	173	6
Property Tax Assessment Appeals Boards	9	-	9	-	9	-
Budget and Management	517	33	531	31	493	25
Retirement and Pension Systems	177	30	168	32	172	32
Supplemental Retirement Plans	17	-	17	-	17	-
General Services	793	35	807	35	775	33
Transportation	9,538	142	9,319	152	9,351	182
Natural Resources	1,618	332	1,577	471	1,490	476
Agriculture	480	36	460	45	439	51
Health and Mental Hygiene	8,555	409	8,212	508	7,895	517
Human Resources	7,364	111	7,733	147	7,610	148
Labor, Licensing, and Regulation	1,706	176	1,617	155	1,549	175
Public Safety and Correctional Services	11,663	298	11,563	571	11,304	491
State Department of Education	1,363	139	1,440	122	1,428	119
Morgan State University	973	449	975	453	975	501
St. Mary's College of Maryland	396	25	396	22	396	23
Maryland Public Broadcasting Commission	188	11	185	13	166	11
University System of Maryland	19,490	5,321	19,491	4,972	19,576	5,384
Maryland Higher Education Commission	84	6	81	3	78	3
Higher Education Labor Relations Board	3	0	3	1	3	0
Baltimore City Community College	527	284	541	262	562	262
Maryland School for the Deaf	318	63	311	50	320	62
Housing and Community Development	416	49	424	75	406	75
Business and Economic Development	324	49	319	43	310	41
Department of the Environment	1,028	32	1,032	48	975	43
Juvenile Justice	2,123	119	1,996	138	1,961	133
State Police	2,590	46	2,575	38	2,496	36
Total	81,105	8,907	80,816	9,133	79,860	9,543

Totals may not add due to rounding.

FY 2003 Deficiency Appropriations
\$ Thousands

	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
Payments to Civil Divisions	415	0	0	415
Office of the Public Defender	1,333	0	0	1,333
Military Department	2,216	0	0	2,216
Comptroller of Maryland	700	0	0	700
Health and Mental Hygiene	31,413	0	30,000	61,413
Human Resources	29,868	0	-24,968	4,900
Labor, Licensing and Regulation	750	0	0	750
Public Safety & Correctional Services	5,507	0	0	5,507
State Department of Education	4,363	0	0	4,363
Total	76,565	0	5,032	81,597

Totals may not add due to rounding.

Glossary

Maryland Budget Highlights FY 2004

Allowance

The amount proposed by the Governor for an item in the fiscal year 2004 budget. In most instances the General Assembly may subtract from but may not add to the allowance.

Appropriation

The amount of spending for an item legally authorized by the General Assembly.

Appropriated Positions

Synonymous with "authorized positions" (see below).

Authorized Positions

The number of full-time equivalent employees that may be employed at any one time on the regular state payroll. The number of authorized positions includes vacant positions. An agency may not exceed its total of authorized positions. Only the state's Board of Public Works may increase the number of authorized positions during the fiscal year.

Capital Expenditure

An expenditure for the acquisition or construction of buildings or other fixed assets, or for other tangible assets with a useful life of at least 15 years.

Contractual Positions

The number of full-time equivalent employees working under employment contracts. Agencies generally use contractual employees for tasks of a limited duration or seasonal nature. Contractual employees are not eligible for most state fringe benefits.

Current Restricted Funds (CRF)

Funds that may be used by higher education institutions only for restricted purposes. These consist principally of research grants and donations for particular purposes (i.e., student aid).

Current Unrestricted Funds (CUF)

Funds that may be used by higher education institutions without restriction. These consist principally of the state appropriation, tuition and student fees.

Deficiency Appropriation

An appropriation for an expense in the current fiscal year that is not covered by the existing budget. Deficiency appropriations usually occur when workloads exceed projected amounts, new legislation requires expenditures not provided in the budget or unanticipated needs arise. The fiscal year 2004 budget proposal includes deficiency appropriations for fiscal year 2003.

Federal Funds (FF)

Grants and other payments from the federal government which flow through the state budget.

Fiscal Year (FY)

The calendar on which the state operates for financial purposes. Maryland's fiscal year begins on July 1 and ends on June 30. Thus fiscal year 2004 (FY 2004) will begin on July 1, 2002 and continue until June 30, 2004.

Full-Time Equivalent (FTE)

A method of calculating employment, workloads, enrollments or caseloads to adjust for part-time or part-year participation. For example, part-time or

part-year employees are factored according to the share of a full 2,080-hour year during which they are employed. A seasonal employee who works 20 hours a week for one-half of the year would count as 0.25 full-time equivalent.

General Fund (GF)

The governmental fund into which revenues are deposited if they are not dedicated to particular expenditures, and from which most discretionary spending is made. Income taxes and sales taxes provide the bulk of Maryland's general fund revenues. About half of the state's expenditures are made from the general fund.

Non-budgeted Funds (NBF)

Some agencies have independent authority to make expenditures without legislative appropriations. Examples include the Injured Workers' Insurance Fund (which provides workers' compensation insurance) and the Maryland Transportation Authority (which operates certain bridges, tunnels and other transportation facilities). These agencies have independent revenue sources (i.e., insurance premiums, toll revenues) and are presented in the budget for information purposes only.

Operating Expenditure

As distinguished from "capital expenditures," are expenses of ongoing operations of government and other expenditures that do not result in a tangible fixed asset with a useful life of at least 15 years.

Reimbursable Funds

Many activities of state agencies are performed for other state agencies. Reimbursable funds are an accounting technique used to record these expenditures without overstating total expenditures. An

example is telephone service. Each operating agency pays the Department of Budget and Management for the actual cost of its telephone usage from its general, special or federal funds. The Department of Budget and Management, in turn, pays the telephone service provider with *reimbursable funds*. Reimbursable funds are generally not included in budget totals — to do so would count the same expense twice.

Special Funds (SF)

Special funds are a particular source of revenue *dedicated* to a specific category of expenditures. Such revenues are paid into a special fund, and the expenditures are charged against the special fund. Examples include the Transportation Trust Fund (fuel tax and other transportation-related revenues) and Program Open Space (property transfer taxes).

Abbreviations

CRF - Current Restricted Funds

CUF - Current Unrestricted Funds

FF - Federal Funds

FY - Fiscal Year

FTE - Full-time Equivalent

GF - General Funds

NBF - Non-budgeted Funds

SF - Special Funds

RF - Reimbursable Funds

Acknowledgements

Maryland Budget Highlights FY 2004

Preparing the budget for fiscal year 2004 has required an extraordinary effort. Not only was there the challenge of correcting a \$1.8 billion imbalance, but it had to be accomplished in a very short time due to the transition of Governors. It required a combination of creativity and expertise, long hours and hard work from a large number of people. These include the professional staffs of many state agencies, volunteers on Governor Ehrlich's transition team and officials of both the in-coming and out-going administrations. I am grateful for the energy and dedication of them all. Listed on this page are some of the employees in the Department of Budget and Management with direct responsibility for preparation of the state budget, as well as members of Governor Ehrlich's Transition Team. They have all done a remarkable job. I would also like to thank particularly my predecessor T. Eloise Foster and her deputy Thomas K. Lee for their invaluable assistance and complete professionalism of the entire DBM staff during the transition.

James C. DiPaula, Secretary of Budget and Management

OFFICE OF BUDGET ANALYSIS

Neil Bergsman, Director
David Treasure, Deputy Director
Marc Nicole, Deputy Director
Kurt Stolzenbach, Assistant Director
Darrin Aycock
Victoria Barron
Lynnette Burley
Edward Calabrese
Betty Clayton
Mary Connolley
Jackie Copeland
Gil Gardner
Delterese George
Cheri Gerard
James Gleason
Katherine Gilpin
Andrew Hamilton
Luisa Heredia-Sauseda
Laura Hilden
Vincent Jones
Jay Ladin
Diane Lucas
Timothy Mattock
Meredith Pirone
Ed Quinn
Torey Silloway
Joan Shirrefs
Mark Tyler
Jean Waller

OFFICE OF CAPITAL BUDGET

Arthur Hilsenrad, Deputy Secretary
Chadfield Clapsaddle, Deputy Director
Richard Andrews
Phyllis Artis-Burley
Marcus Farbenblum
Bernard Fox
Michael Gaheen
Viola Gainey
Teresa Garraty
Marsha Herr
Daniel Johnson
Kwame Kwakye
Lisa Lloyd
Lisa Mahan
Fred Mason
Deborah McCluskey
Beverly Moore
Alan Povey
John Voelker

NETWORK TEAM

Terri Tubaya-Joyner
Stacey Gilligan
Nilo Gonzales
Chris Hatcher
Patti Sullivan

BUDGET TRANSITION TEAM

Senator Martin G. Madden
Senator J. Lowell Stoltzfus
Delegate Robert Flanagan
Jeffrey R. Getek
Paul Magness
Bernie Marzcyk
John Morgan
John Rohrer
Craig Williams

BUDGET HIGHLIGHTS BOOK

EDITORIAL DIRECTOR

David Treasure

EDITOR

Jean Waller

EDITORIAL ASSISTANCE

Neil Bergsman
Chadfield Clapsaddle
Cheri Gerard
Jay Ladin
Marc Nicole
Meredith Pirone
Joan Shirrefs
Mark Tyler
James Garrett
Martin G. Madden
Craig Williams
Paul Magness
Victoria Barron