



Maryland

Fiscal Year 2005 Budget

Budget Highlights

Robert L. Ehrlich, Jr., Governor
Michael S. Steele, Lt. Governor
James C. DiPaula, Jr., Secretary
Department of Budget & Management



January 21, 2004

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:

Maryland continues to face the worst fiscal crisis in its history. Before our budget adjustments, the revenue shortfall for the upcoming fiscal year was a staggering \$1.2 billion. Thanks in part to aggressive actions by our administration and the Board of Public Works, and additional federal funds, the fiscal year 2005 deficit was reduced to approximately \$800 million.

This budget proposes additional spending reductions while maintaining essential services for Marylanders in need. In the face of these fiscal pressures, we will continue to invest in priority areas:

- Education: K-12 education spending increases \$326 million, the largest education funding increase in Maryland's history. Funding for need-based student aid increases by \$15.9 million, and community colleges and regional higher education centers receive an additional \$10 million to improve college access for all Marylanders.
- Health and the Environment: Medicaid, which provides medical care to 636,000 Marylanders, will increase \$300 million, 8% over fiscal year 2004 levels. To help restore water quality in the Chesapeake Bay, we will invest \$98.5 million to upgrade wastewater treatment plants. In addition, I will sponsor legislation to establish a new sewer fee, which will help rebuild Maryland's worst sewage treatment plants, and substantially reduce Bay pollution.
- Public Safety and Safer Neighborhoods: The implementation of Project RESTART will help rehabilitate incarcerated persons, which will prevent crimes and create safer communities. We also are addressing prison overcrowding by constructing new correctional facilities. This budget proposes \$65 million for new prisons.

- Commerce: We are beginning the engineering and environmental analyses of many long overdue transportation projects, including the Intercounty Connector, investing in community revitalization, such as biotechnology in East Baltimore and the Rockville Town Center, and launching new transportation revenue streams.

Everyday, I am honored to work with dedicated and professional State employees. Maryland government would not be successful without their tireless efforts, and we need to reward them for their service. I have included a 1.6% Cost of Living Adjustment for all state employees in this budget.

The gap between Maryland's spending and Maryland's revenues continues. This structural deficit, which Governor Schaefer called "*The most difficult task of any governor*" (*Baltimore Sun December 17, 2002*), will continue to challenge Maryland until we correct our structural deficit. For that reason, I will again propose a video lottery program which will generate more than \$700 million every year.

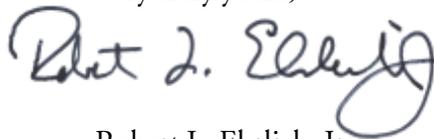
We have made many difficult decisions to address the remaining \$800 million shortfall, and I am proud to say, this budget does not increase sales or income taxes.

While focusing on our critical priorities and limiting expenditures, we also have looked to protect Maryland's most vulnerable residents. I intend this budget to be "fiscally prudent and socially responsible," the values promoted by the late Chairman Howard "Pete" Rawlings.

I look forward to working with the General Assembly to approve this budget. We must continue to cooperate with our local governments, employees, businesses, community groups, and constituents to forge long-term solutions.

In the following pages, please find the results of thousands of hours of careful, deliberate thought.

Very truly yours,

A handwritten signature in blue ink that reads "Robert L. Ehrlich, Jr." with a stylized flourish at the end.

Robert L. Ehrlich, Jr.
Governor

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

Budget Overview

Governor Ehrlich has Concentrated Budget Growth to Reflect the Priorities of his Administration.

Primary and Secondary Education

Funding for primary and secondary education grows by a record \$326 million (10%) over last year's funding total. Most of this increase reflects the landmark Bridge to Excellence legislation to provide the funding needed for local school systems to achieve excellence in all schools.

Health

Medicaid is the second largest increase, because Governor Ehrlich believes it is critical for the state to assist needy Marylanders with their healthcare needs. The fiscal year 2005 Medicaid budget is \$302 million more than the fiscal year 2004 appropriation in total funds. While proposing this increased spending, Governor Ehrlich has authored legislation that will rein in double-digit spending growth and improve Medicaid administration.

Environment

The Chesapeake Bay is Maryland's greatest natural resource. Governor Ehrlich realizes that in order to restore the Bay, Maryland must upgrade wastewater treatment plants to higher standards of nutrient removal, which will remove at least an additional 7.5 million pounds of nitrogen each year. These upgraded plants will reduce the levels of nitrogen in the Bay and significantly improve the water quality. For fiscal year 2005, Maryland will invest \$98.5 million to upgrade wastewater treatment plants.

Public Safety

The budget reflects Governor Ehrlich's emphasis on increased public safety results, through treatment and rehabilitation for non-violent offenders. The budget includes \$9.2 million in funding for Project RESTART to significantly

expand treatment and rehabilitation services for adults currently in Maryland correctional facilities. Safe and secure prisons are also necessary to ensure public safety. The budget allots \$65 million to build state and local correctional facilities.

Commerce

Governor Ehrlich successfully lobbied the federal government to fast-track the review and approval of the Intercounty Connector roadway, the state's number one transportation priority. Not only will the ICC link the business communities in Montgomery and Prince George's Counties, but it will also reduce traffic congestion and improve the quality of life for local residents. To provide expanded mobility services for citizens with disabilities, the budget includes \$5.3 million in the Mass Transit Administration allowance.

The Economy and State Revenues are Growing

Economic robustness has returned to the national and state economies for the first time since the onset of the recession in early 2001, due to a slightly more stable international situation, growth in employment nationally, booming productivity and corporate profits.

As the Maryland economy moves toward solid growth, revenues will recover. The state's two major revenue sources, the individual income tax and the retail sales and use tax, will register significant gains in both fiscal years 2004 and 2005. For the first time in Maryland's history, general fund revenues will break the \$10 billion level, growing by \$447 million (4.5%).

In Maryland, employment did not decline in any calendar year



since the recession began, hitting a nadir of 0.2% growth in 2002.

New Revenue Sources

Legislation to disallow deductions of royalties and similar payments to affiliated out-of-state companies will add \$110 million annually to corporate income tax receipts. The general fund will receive \$83.6 million and the transportation trust fund will receive \$25 million. This legislation complements Comptroller Schaefer’s recent success in court cases dealing with the “Delaware Holding Company” issue and strengthens the ability of the Comptroller to collect taxes rightfully owed to Maryland.

Other legislation will address an inequity in the personal income tax. Non-residents pay lower individual income tax rates than do Maryland’s citizens because they are not subject to the local income tax. Imposing the lowest local income tax rate on non-residents’ income earned in Maryland promotes fairness and raises \$38.6 million.

Under current law, revenue from income tax withholding subsequently unclaimed on tax returns must be held for three years before it is distributed. Legislation to eliminate the holding period provides a onetime transfer of \$162 million that the State will share equally with local governments.

Budget Summary

The budget for Maryland’s fiscal year that begins on July 1, 2004 totals \$23.8 billion, a 3.8% increase over fiscal year 2004. The budget proposes a modest pay raise for State employees, a record increase in spending on local education, and a significant increase in the Medicaid program. The general fund portion of the budget totals \$11.2 billion.

State “Rainy Day” Reserve Fund

The proposed budget protects the State Reserve Fund. The balance in the fund at the end of FY 2005 will total \$529 million. Maintaining an adequate reserve is crucial to guarding against further revenue downturns and preserving the State’s coveted high credit rating.

Fund Transfers Complete the Balanced-Budget Picture

As Maryland transitions to structural balance, transfers from fund balances are needed again in fiscal year 2005:

Status of the State General Fund		
\$ millions		
	FY 2004	FY 2005
Beginning balance	123	190
Estimated revenues	9,944	10,391
Additional revenues	9	180
Transfers	<u>376</u>	<u>475</u>
Total	10,452	11,236
Expenditures	10,628	11,364
Reductions from approp.	<u>-366</u>	<u>-130</u>
Total	10,262	11,234
Ending balance	190	2

\$189 million from transfer tax revenues, of which \$77 million was authorized by the 2003 legislature. Bond funds will replace a portion of this transfer.

\$81 million from streamlining the payment of income tax withholding to local governments, with a one-time transfer of retained revenue to the State. An equal amount will be transferred to the local governments.

\$102 million from highway user revenues, of which \$51 million was authorized in advance by the 2003 legislature. This total is the same dollar amount that was transferred in 2004.

\$11 million from various smaller funds.

Spending Affordability

Each year, the General Assembly’s Spending Affordability Committee recommends the maximum rate at which the state budget should increase. While the recommendation is not binding on the Governor, the Governor is required to explain the reasons for exceeding the Spending Affordability limit, should the budget proposal be higher.

This year, the committee recommended limiting the growth of the state budget to 4.37%, far below the statewide personal income projected growth of 5.05%. The Spending Affordability calculation differs from the normal budgetary growth in that it excludes onetime expenses and federal funds, but includes deficiency appropriations. In order to meet the State’s commitment to education and healthcare, Governor Ehrlich finds it necessary to increase the budget by 4.91%. These additional dollars will help provide

Budget Overview

educational opportunities and healthcare for Maryland's most needy.

State Personnel

The dedication and professionalism of State employees continue to drive the success of Maryland government. In order to reward Maryland's exemplary employees, the Governor's budget proposes a 1.6% COLA increase for all State employees. The Governor also proposes increasing the salaries of public servants who have traditionally been underpaid in comparison to their peers in both the private sector and other levels of government: public defenders, direct service workers in the Department of Juvenile Services, property assessors, lab scientists, administrative law judges and banking financial examiners.



The number of authorized positions in State government totals 78,151. Staffing levels in many State agencies decline because of the abolition of vacant positions, but

the budget creates 373 new positions in priority areas. Significant additions include:

68 in the Public Defender's Office as part of a caseload reduction initiative.

70 in the State Department of Education as the result of the assumption of the educational component of the Hickey School.

47 in the Department of Juvenile Services primarily to staff new programs and facilities.

39 in the Department of Transportation, of which 21 are for the provision of transportation services for citizens with disabilities.

Contractual positions at higher education institutions (including Baltimore City Community College) increase by 285, mostly for instructional staff to handle higher enrollments and researchers to work on federal and other grant programs. For all other agencies, contractual employment decreases by a net of 127 positions. The number of contractual state employees will be 9,327.

Fiscal Year 2005 Budget Totals* (\$ millions)

<u>Expenditures</u>	<u>FY 2005</u>	<u>% Increase Over '04</u>	<u>Positions</u>	<u>FY 2005</u>	<u>% inc.</u>
General funds	11,234	9.5%	Authorized	78,151	0.1%
Special funds	4,250	-0.1%	Contractual	9,327	1.7%
Federal funds	5,721	-3.7%	All Positions	87,478	0.2%
Higher Education Funds	2,599	4.8%			
Total Funds	\$23,803	3.8%			

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

Maryland's Budget Process

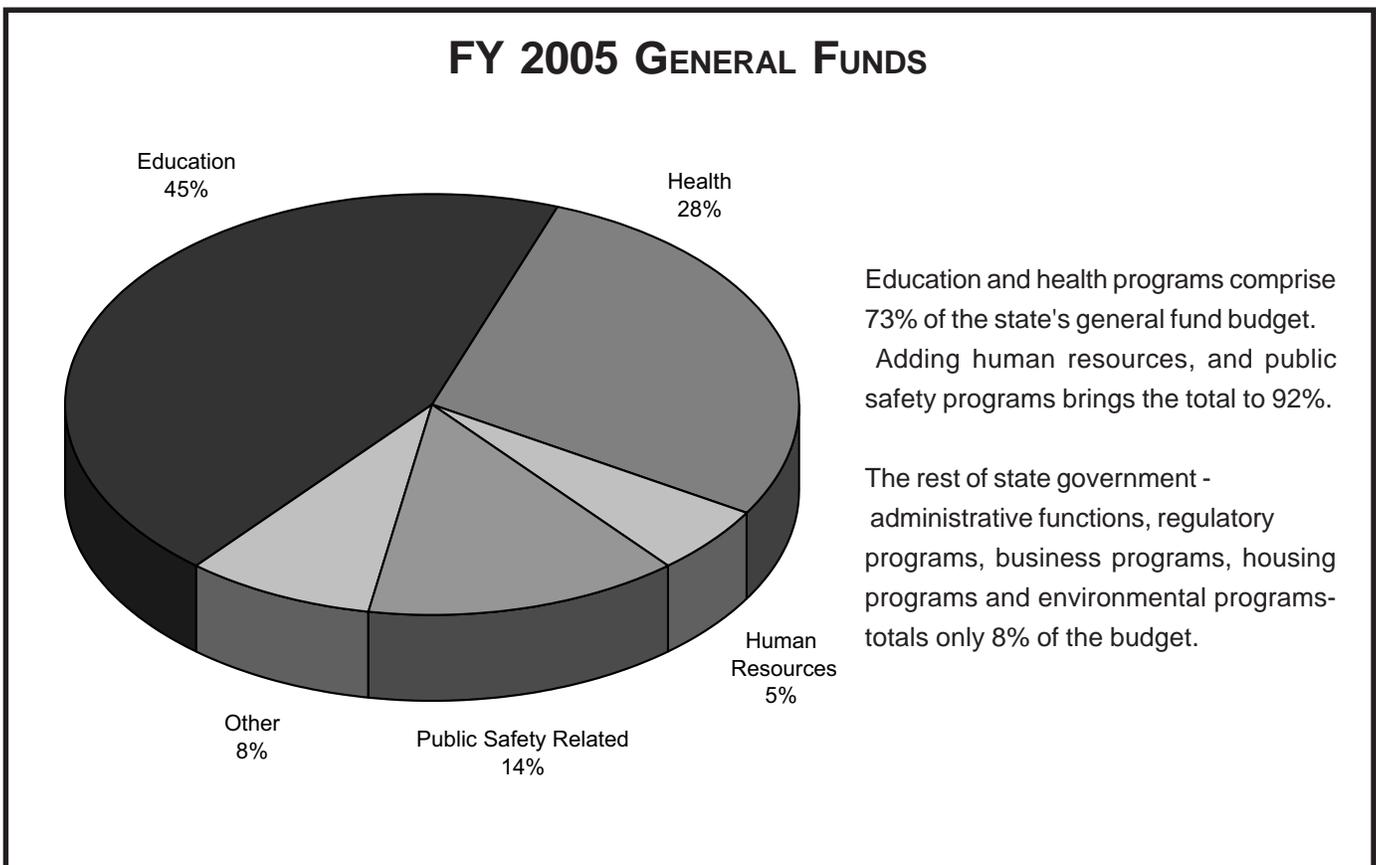
The State Constitution requires the Governor to submit a balanced budget to the General Assembly by the eighth day of the legislative session.

Over the next 11 weeks, the legislature will review, hold hearings on and consider the budget. The legislature's Department of Legislative Services will assist the Senate Budget and Taxation Committee and the House Committee on Appropriations in their review. The State Constitution provides that the legislature may reduce the amounts submitted by the Governor but may not add to the budget or substitute items. The budgets of the legislative and judicial branches of government are exceptions. 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.

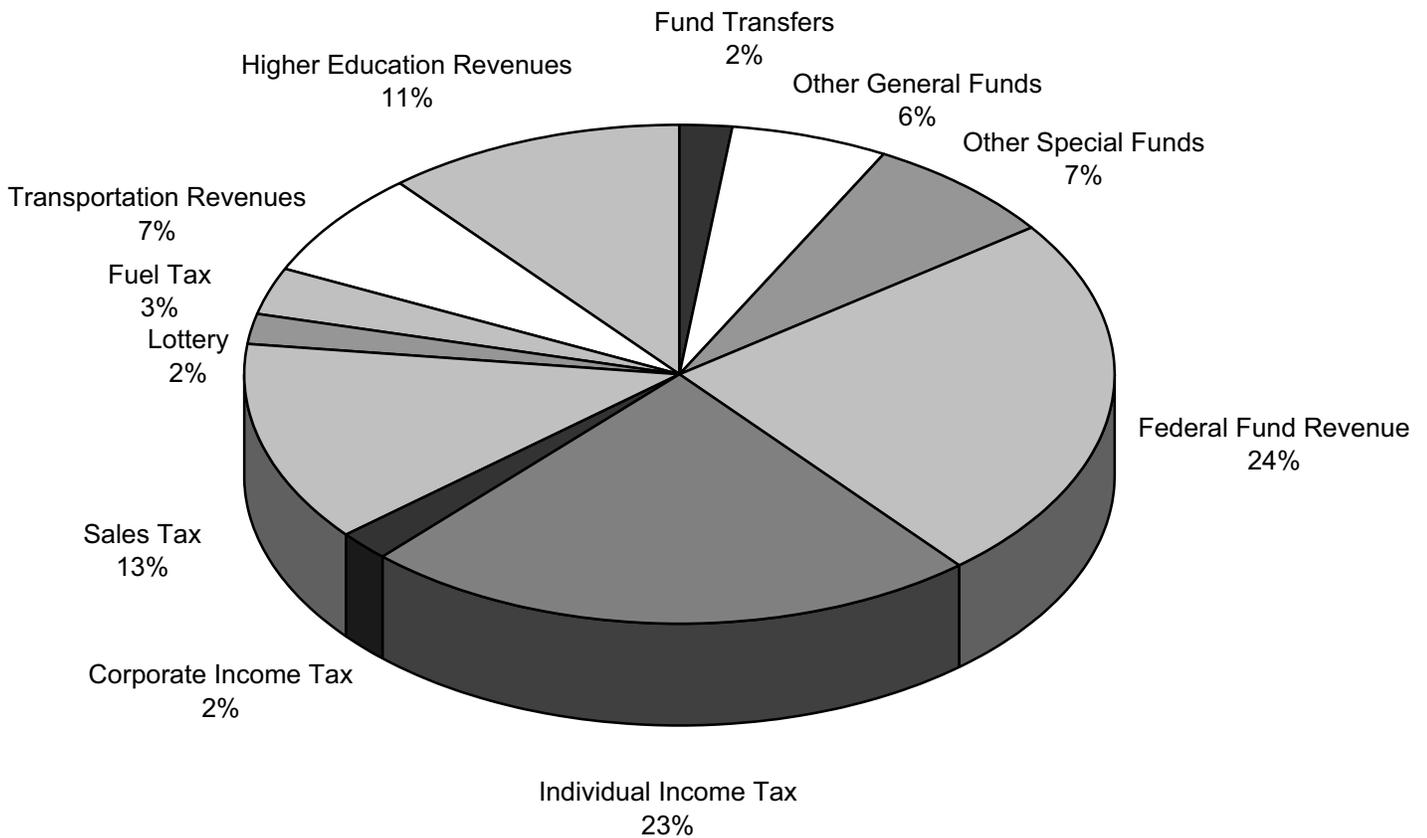
During legislative consideration, the Governor may submit "supplemental budgets." These budgets make

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 will meet to resolve differences. The legislature is required to enact the budget by the 83rd day of the legislative session – April 5, 2004. 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.



Revenues

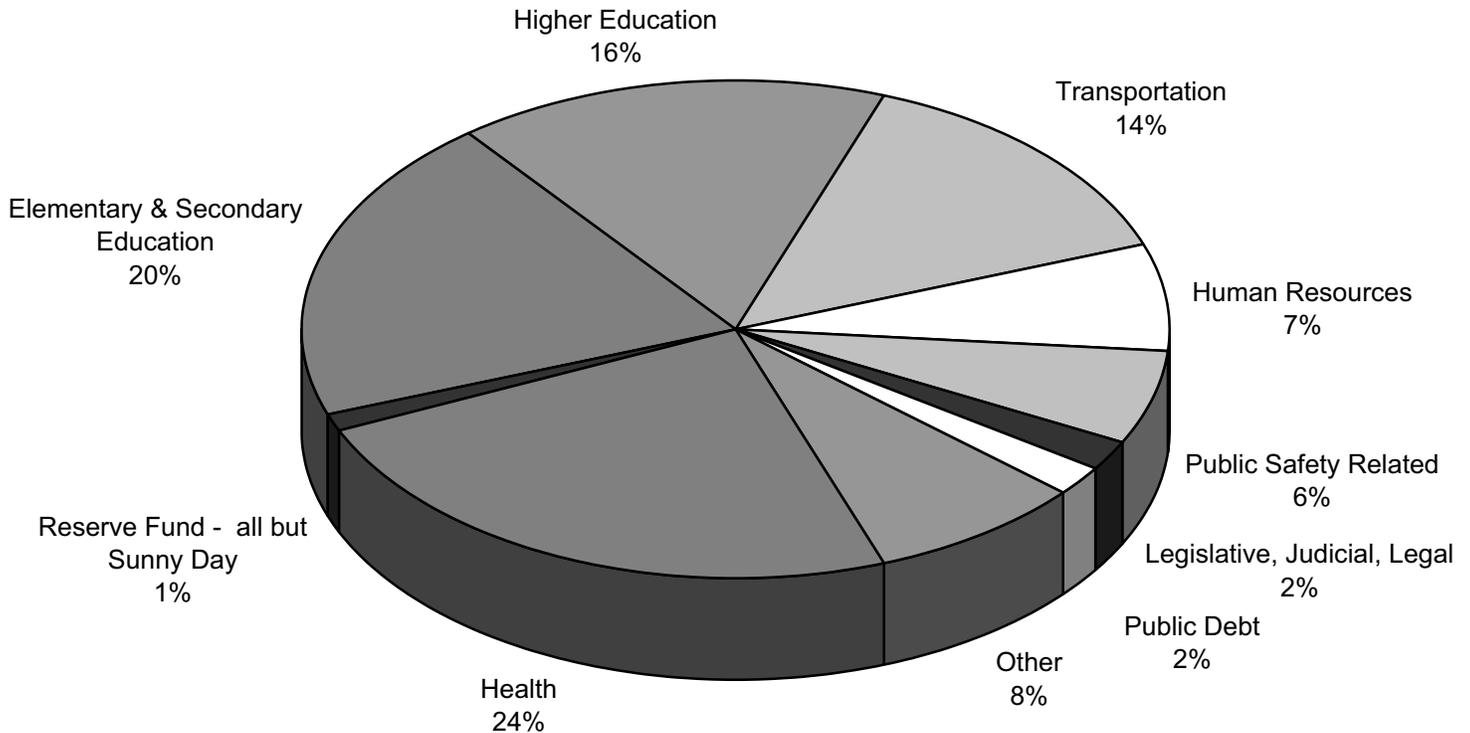


Revenues (\$ millions)

	FY 2003	FY 2004	FY 2005	% Change '05 over '04	% Total Revenues
Individual income tax	4,704	4,998	5,343	6.9%	23%
Corporate income tax	379	418	553	32.3%	2%
Sales tax	2,720	2,870	2,982	3.9%	13%
Lottery	497	492	515	4.6%	2%
Fuel tax	716	735	754	2.6%	3%
Transportation revenues	1,631	1,686	1,650	-2.2%	7%
Higher Education revenues	2,238	2,480	2,599	4.8%	11%
Fund transfers	750	376	475	26.4%	2%
Other general funds	1,285	1,360	1,377	1.3%	6%
Other special funds	1,956	1,649	1,647	-0.1%	7%
Federal fund revenue	5,374	5,942	5,721	-3.7%	24%
Total Revenues	22,250	23,005	23,615	2.7%	
Use of general fund balances & reversions	204	-31	224		
Total Available	22,454	22,975	23,839	3.8%	

Totals may not add due to rounding.

Expenditures



Expenditures (\$ millions)

	FY 2003	FY 2004	FY 2005	% Change '05 over '04	% Total Expenditures
Health	5,433	5,872	6,055	3.1%	24%
Elementary & Secondary Education	4,198	4,379	4,743	8.3%	20%
Higher Education	3,483	3,642	3,785	3.9%	16%
Transportation*	3,130	3,339	3,231	-3.2%	14%
Human Resources	1,573	1,513	1,568	3.6%	7%
Public Safety Related	1,359	1,383	1,393	0.8%	6%
Legislative, Judicial, Legal	449	492	503	2.3%	2%
Public Debt	820	537	568	5.8%	2%
Reserve Fund - all but Sunny Day	181	10	138	1276.5%	1%
Other	1,829	1,809	1,856	2.6%	8%
Total	22,454	22,975	23,839	3.8%	
Estimated Reversions		-37	-36		
Net Total	22,454	22,938	23,803		

* The Department's operating budget increases 8.7%. The overall percentage change will depend on the final funding package and federal aid authorizations. The Governor is reviewing several significant funding options to substantially increase funding for the State's long term transportation needs.

Totals may not add due to rounding.

Fiscal Responsibility

When Governor Ehrlich assumed office one year ago, Maryland faced a \$1.8 billion budget shortfall. Two days after his inauguration, the Governor presented a balanced budget to the General Assembly which resolved the deficit. Over the next 90 days, the Governor and the General Assembly worked together to approve a balanced budget.

After the completion of the 2003 Legislative Session, Maryland's Board of Public Works, consisting of Governor Ehrlich, Treasurer Nancy Kopp and Comptroller William Donald Schaefer, further helped Maryland's fiscal situation by reducing total fund spending by an additional \$208 million. These spending reductions were applied to fiscal year 2004 and will be carried over to this year, which will provide over \$400 million in savings in fiscal year 2005.

Governor Ehrlich closes the remaining fiscal gap through further spending reductions, new revenues and various fund transfers.

Spending Prudently

The fiscal year 2005 budget proposes \$330 million in spending reductions from the estimated cost of current services. These include savings from administrative

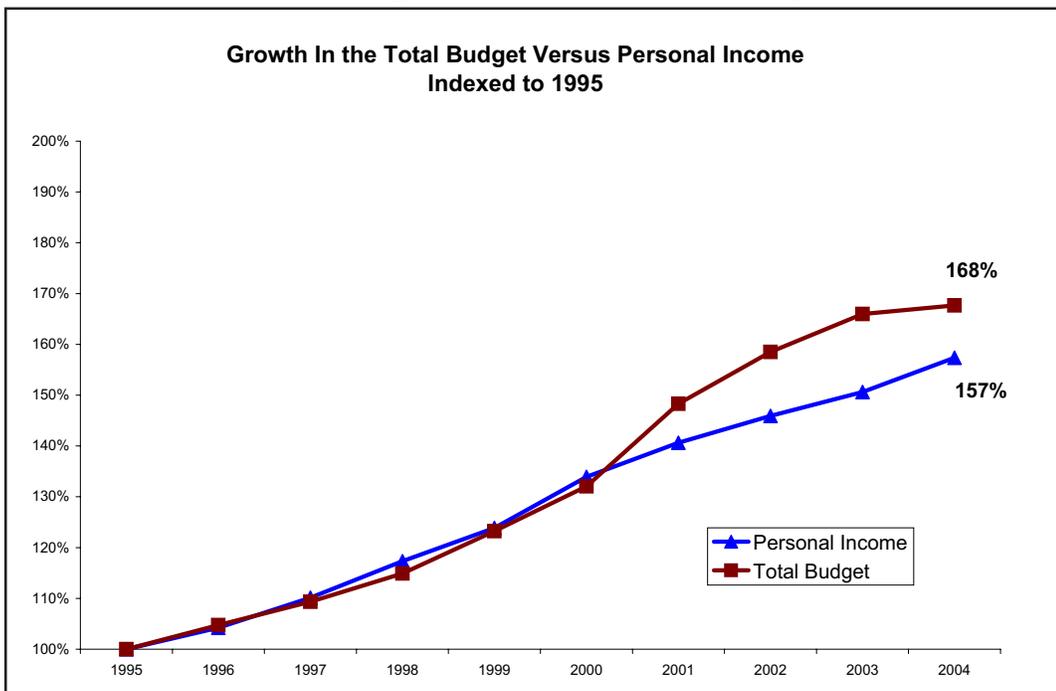
expenses, program revisions, efficiencies and information technology. However, Governor Ehrlich's budget remains committed to education, healthcare for needy Marylanders and public safety.

In 2003, the Governor's Commission on the Structure and Efficiency of State Government recommended a series of enhancements to improve constituent services and save money. Governor Ehrlich is reviewing these recommendations, and expects to implement many of the recommendations in the coming year while studying others for future action. These actions are estimated to save over \$1 million in 2005.

The budget provides \$1 million in the Department of Budget and Management for audits, management consulting, and program evaluation studies. These efforts will be geared towards reducing costs and improving effectiveness of state programs.

After 2.5 years with no general pay increases, Governor Ehrlich's budget provides \$58 million to implement state employee compensation adjustments as follows: Cost of Living Adjustment (COLA) of 1.6% (\$46.9 million); Annual Salary Review (ASR) mainly for attorneys, and Juvenile Services direct care workers (\$9.9 million); and initial funding of a four-year phase-in salary increase for judges, based on the Maryland Judicial Compensation recommendations (\$1.1 million).

Last year, Governor Ehrlich made good on his promise to sell the State Yacht. The auction for the yacht netted \$248,000 for the state and the elimination of



maintenance related expenses will save Maryland \$230,000 a year.

Replenishing the funds transferred from the transportation trust fund to the general fund will help Maryland build much needed roads and transit systems. This budget will commence the strengthening of the transportation trust fund by repaying \$25 million to the fund.

The budget also provides \$10 million for the Catastrophic Event Fund. This amount should be sufficient to meet costs related to Hurricane Isabel beyond those that can be absorbed in existing budgets, and reserve an amount for future emergencies.

Modest Adjustments Increase Revenue

No new general tax increases are included in this budget. Several administrative changes and tax fairness provisions will provide additional revenue. These includes:

- \$110 million from measures to prevent corporations from shielding income from

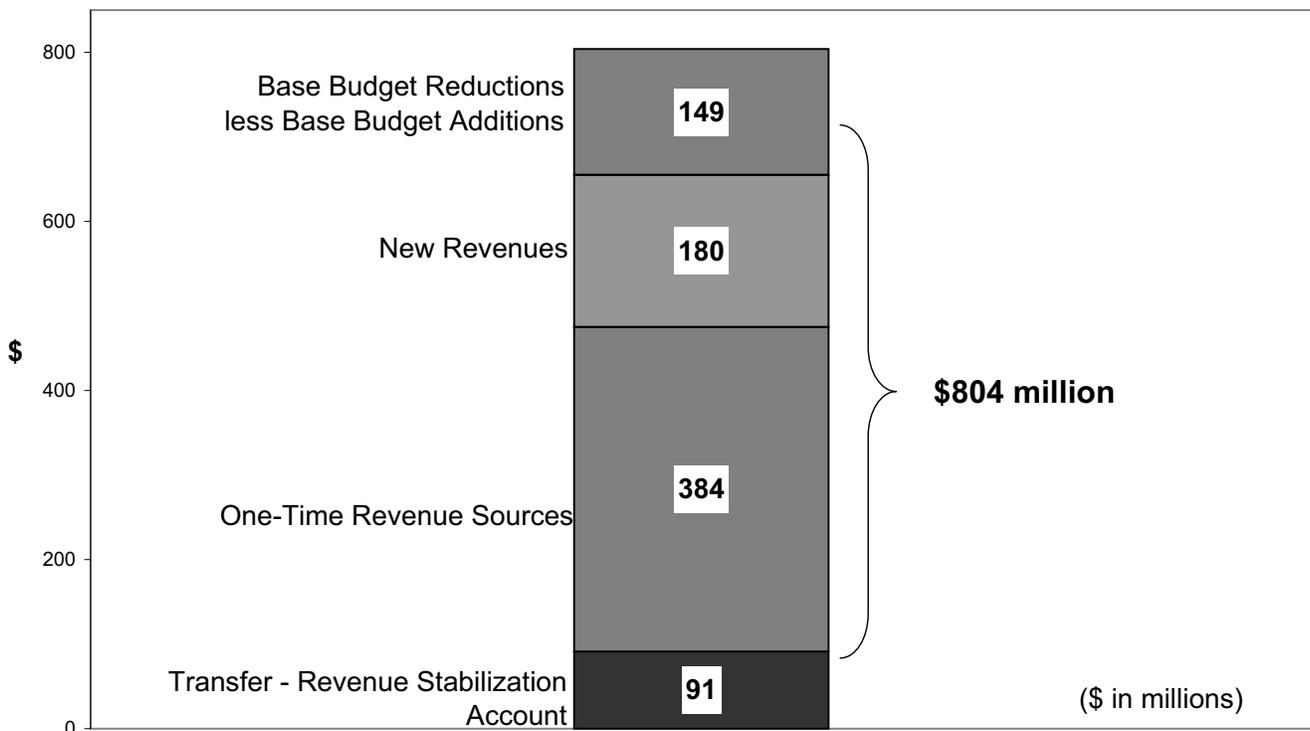
taxation through “Delaware Holding Companies” and similar mechanisms;

- \$38.6 million from requiring nonresident taxpayers to pay income tax at rates comparable to local residents;
- \$2.5 million from requiring financial institutions to remit unclaimed accounts at the time they report them to the Comptroller;
- \$600,000 by assessing special funds for a share of administration of the Corporate Income Tax,
- \$13 million from allowing the current sales tax vendor discount to continue.

Reasonable fees on long-term care providers and state facilities for the developmentally disabled will generate \$20 million, the cost of which will be shared by federal funds through the Medicaid program.

Other user-fee increases will provide \$5.8 million in general fund revenues, or savings in general fund spending.

**Confronting the remaining \$800 million Budget Challenge:
How the Fiscal Year 2005 Budget Was Balanced**



Education

Elementary and Secondary Education

Recent Accomplishments

Maryland is working hard to improve public education for children—and the results are evident.

For the fourth straight year, the nation's leading education newspaper, *Education Week*, gave Maryland an "A" for its K-12 standards and system of assessing, reporting, and holding schools responsible for improving achievement.

In 2003, Maryland increased its average SAT math and verbal scores to 515 and 509, respectively, putting the State first in verbal and tied for first in math among the eight states of the middle-state region.

Maryland's African-American students showed an increase of 24% in passing scores earned and an increase of 36% in participation on the Advanced Placement (AP) exams.

Bridge to Excellence Act

Maryland public schools continue to benefit from the increased funding of the Bridge to Excellence in Public Schools Act, adopted by the Maryland General Assembly during its 2002 session. The Act calls for substantial increases in the levels of State formula aid to local school systems annually until fiscal year 2008. These increases show the State's commitment to meet the obligation in the Constitution of Maryland to provide a "thorough and efficient" system of public education.

Governor Ehrlich will fund the second year increase in local education aid under the Bridge to Excellence legislation. In fiscal year 2005, the funding for Maryland's schools will increase to \$3.6 billion, representing \$326 million in new State aid to local school systems, an increase of

10% from fiscal year 2004.

With this increased funding comes increased accountability. As required by the Bridge to Excellence legislation, local school systems submitted a "comprehensive master plan" to the Maryland State Department of Education in fall 2003. The Master Plans detail the ways in which local school systems intend to improve educational performance in every segment of their student populations. The State Superintendent of Schools is authorized to withhold funding from those school systems failing to make progress on performance goals or failing to submit an adequate plan.

No Child Left Behind Act

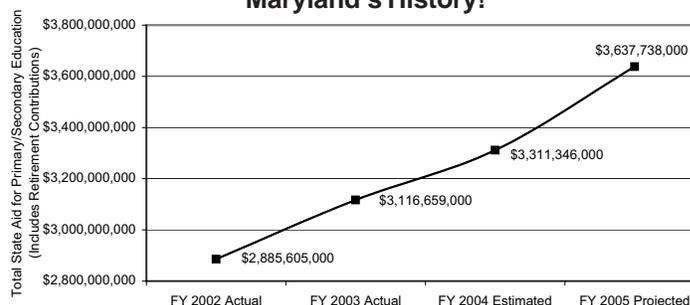
Schools and school systems also are accountable for performance under the federal No Child Left Behind Act (NCLB). This federal law, backed by Governor Ehrlich as a member of Congress, requires states to set annual goals for students' reading and math performance and to measure progress toward those goals with annual tests in reading and math. Schools must meet all of their goals among student subgroups to achieve Adequate Yearly Progress. Under NCLB, 100% of students must be proficient in reading and math by 2014.

Maryland School Assessment

NCLB requires states to monitor students' Adequate Yearly Progress, report the results to parents, and take action when schools are not making progress. In March 2003, the new Maryland School Assessment (MSA) was administered for the first time to students in grades

3, 5, and 8 in reading and mathematics and to students in grade 10 in reading. The MSA in geometry was administered to high school students after they completed a geometry course. The MSA testing will be expanded in March 2004.

The Largest Education Increase in Maryland's History!



High School Assessment

Maryland continues its efforts to raise expectations for high school performance. All students are now required to take the Maryland High School Assessments in English, algebra/data analysis, biology, and government after they complete the courses. Passing the tests is not yet a requirement for graduation.

Charter Schools

The General Assembly passed the Maryland Public Charter School Act during its 2003 session, and Governor Ehrlich signed the measure into law. Maryland's statute invites the creation of public charter schools within the public school system to introduce innovative learning opportunities and creative educational approaches to improve the education of all students.

Maryland's law defines a "public charter school" as a "public school" that is nonsectarian, is chosen by parents for their children, and is open to all students on a space available basis.

Higher Education

Governor Ehrlich is committed to improving and upgrading facilities at the State's higher education institutions. To this end, Governor Ehrlich's capital budget includes \$194 million for construction at Maryland's public colleges and universities. Major projects include: \$56 million for University of Maryland College Park's new Biological Sciences Research building, \$19 million for University of Maryland Baltimore's Dental School, \$19 million for St. Mary's College of Maryland's new academic building and \$18 million for Bowie State University's new Center for Business and Graduate Studies.

Included in the budget is \$15.9 million in additional funding for need-based student assistance. The Educational Excellence Awards (EEA) program, the State's primary need-based award program, and the Part-Time Grant program total \$56.4 million in fiscal year 2005. The allowance also includes an additional \$1

million for the Loan Assistance Repayment Program for teachers and nurses. Transferring funding from renewal awards in the HOPE Scholarship Program provides funds to support part of this initiative. This initiative will substantially increase need-based assistance.



Direct aid to community colleges, excluding fringe benefits, totals \$158.7 million, an increase of 2.7% in FY 2005. In addition, aid to community colleges fringe benefits totals \$25.3 million.

Historically Black Colleges and Universities

Despite the tight fiscal picture, the FY 2005 allowance includes a total of \$12 million for the Historically Black Colleges and Universities (HBCUs) broken down as \$6 million for Access and Success grants and \$6 million for HBCU Enhancement grants. These grants are designed to meet HBCU special needs by developing and implementing "best practices" as well as supporting the debt service on planned capital projects, especially at Coppin State College. In addition, MHEC's pass-thru grants include \$500,000 for implementing some of the more pressing recommendations of the Toll Report on the revitalization of Coppin and its surrounding area.

The capital budget includes over \$50 million to improve facilities at the State's HBCU's. The State will also provide an additional \$62 million in capital funding over the next three years to complete the \$75 million capital funding commitment to Maryland's HBCUs.

Hagerstown Regional Higher Education Center and Coppin State University

Finally, there is \$1.1 million added to the University System of Maryland's (USM) fiscal year 2005 budget to meet the start-up and operating needs of USM's new Hagerstown Regional Higher Education Center (\$1 million) and assist Coppin in the construction management and coordination of the planned facilities included in the State's Capital Improvement Plan (\$0.1 million).

Health and the Environment

Health

Governor Ehrlich is determined to improve healthcare access for Marylanders, especially those with limited access to health insurance.

Medicaid Grows to Cover More and Meet Costs

Enrollment in Maryland's standard Medicaid program will increase by approximately 4.5% in 2005. The entire Medicaid population, including the Children's Health Insurance Program, will require an additional \$300 million in 2005. The average enrollment in the entire program is estimated to be 6,360,000 Marylanders in 2005, at a total cost of \$3.99 billion.

The 2005 budget includes funds to more than triple the number of elderly Marylanders covered by the new Pharmacy Discount Program in 2004. Eligible Medicare members may purchase prescription drugs at 65% of the discounted Medicaid price.

Additionally, the Department of Health and Mental Hygiene will introduce several new management initiatives to achieve significant savings: \$2.6 million by enrolling more developmentally disabled individuals in Medicaid; \$2.4 million by updating Medicaid eligibility records more frequently; \$5 million by changing the manner in which services are provided for children in the Rare and Expensive Case Management program (over a two-year period).

Substance Abuse Treatment

The budget contains \$129.4 million for alcohol and drug abuse treatment, an \$8.5 million (6%) increase over fiscal year 2004, including \$4 million to fund Governor Ehrlich's initiative for residential treatment in lieu of incarceration for adult and adolescent criminal

justice clients. Increased treatment beds will serve an additional 310 adolescents and 98 adults annually.

Mental Health Services

The community services budget includes an increase of \$32 million in fiscal year 2005 and a fiscal year 2004 deficiency of \$54 million. The fiscal year 2005 budget reflects consolidation of the largest residential psychiatric facilities by moving patients and staff from Crownsville Hospital Center to Spring Grove Hospital and

Springfield Hospital, saving \$12 million in operating funds. The Community Services budget will receive \$5 million of the savings. The Carter Center will also become part of the University of Maryland

Medical System (UMMS). The transfer of Carter Center employees to UMMS and the closure of Crownsville will free up 267 State-funded positions by the end of fiscal year 2005.

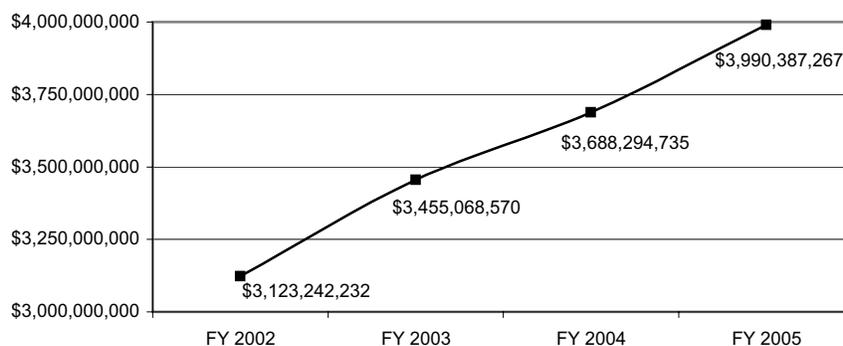
Developmental Disabilities Services

Funding for community services for Marylanders with developmental disabilities increases by \$43.4 million (9%). This increase includes \$17.8 million to boost salaries paid to direct care staff of community providers and \$25.6 million to expand community services. More than 23,400 developmentally disabled individuals will receive community-based services in 2005.

Access to Affordable Health Insurance

The Maryland Health Insurance Plan (MHIP) provides medically uninsurable and underinsured individuals access to affordable health insurance. Enrollment is expected to exceed 6,500 elderly Marylanders in fiscal year 2005.

Maryland's Medicaid Spending has Increased \$867,145,035 (28%) since Fiscal Year 2002



The Senior Prescription Drug Program, administered by MHIP, will serve over 33,000 Medicare beneficiaries with moderate income. Those eligible for the Senior Prescription Drug Program receive up to \$1,000 per year in prescription benefits.

New Focus on Disability Services

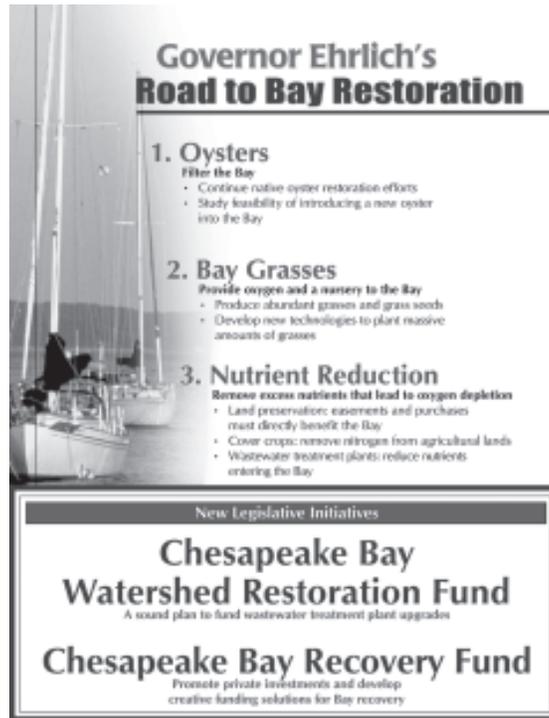
During the 2004 legislative session Governor Ehrlich will introduce legislation to create a new “Department of Disabilities.” Close to \$1 million in additional funding is added to the budget to create the new department, elevating the State’s capacity to address the needs of the disability community in Maryland.

Environmental Efforts

Governor Ehrlich will focus his environmental efforts on three areas to restore the health of the Chesapeake Bay: oyster restoration; Bay grasses; and nutrient reduction. The Governor will continue his efforts to increase federal funding for these restoration projects while seeking new sources of revenue here in Maryland.

Governor Ehrlich continues to support recovery of native oyster populations with more than \$6 million in projects. These actions will provide much needed filtration of Bay waters and support local oyster industries. In addition to supplementing populations of native oysters, the State is also studying a disease-resistant, non-native oyster to evaluate the benefits and risks of its possible introduction into Bay waters.

The fiscal year 2005 budget contains over \$600,000 in federal funds to support Governor Ehrlich’s goal of planting 1,000 acres of bay grasses by 2010. With cooperation from federal partners, DNR can study large-scale bay grass restoration techniques in the Lower Potomac and Patuxent Rivers.



The Governor is focusing his nutrient reduction programs in three areas: land preservation, cover crops, and upgrading waste water treatment plants. In 2005, land preservation programs in DNR and the Department of Agriculture will be funded at \$48.8 million, primarily through general obligation bonds in the capital budget. To reduce nutrient runoff from farms, the Governor has increased funding for cover crops to \$1.9 million and has continued to fund cost sharing of capital improvements to farms at \$6.0 million.

To upgrade the state’s 66 largest wastewater treatment plants to higher standards of nutrient removal, Governor Ehrlich has proposed an environmental surcharge on residential and commercial sewer users. Bonds supported by the surcharge will provide the estimated \$750 million to \$1 billion needed for such projects. According to the Chesapeake Bay Foundation,

“nitrogen pollution is the most serious pollution problem for the Bay.” Governor Ehrlich’s plan to upgrade Maryland’s major wastewater treatment plants will further reduce annual nitrogen loading to the Bay and its tributaries by at least 7.5 million pounds.

These funds will supplement capital funds budgeted for drinking water and wastewater infrastructure improvements. This effort will significantly reduce the largest source of pollution to the Bay.

The Governor’s budget also doubles funding for the Brownfields programs and will allow Maryland Department of the Environment greater enforcement power over contaminated properties around the State. To complement his enforcement efforts, the Governor will submit an Administration bill to encourage more voluntary brownfield cleanups by developers and property owners.

Public Safety and Safer Neighborhoods

Governor Ehrlich remains firmly committed to making Maryland communities safe. The first step is more comprehensive criminal prevention programs, the guarantee for a fair and speedy adjudication system, and effective punishment and rehabilitation in all Maryland correctional facilities. Through fair and diligent law enforcement, and through the presence of effective discipline and treatment within our juvenile and adult detention facilities, the fiscal year 2005 budget recognizes the State's duty to protect its citizens from those who infringe upon an individual's rights and liberties.

State Police Efforts

Governor Ehrlich will provide Maryland's uniformed officers with the funding, training and protection they need to properly enforce Maryland's laws and preserve the privacy of its law abiding citizens.

The newly created Homeland Security and Intelligence Bureau with the Department of State Police provides coordinated criminal enforcement under a single command structure to reduce bureaucracy and increase effectiveness and efficiency. The Bureau operates 24 hours a day, 7 days a week and has partnered law enforcement agencies and private and public organizations in order to reduce crime and minimize the threat of potential terrorist attacks.

The Vehicle Theft Prevention Council in the Department of State Police has also implemented 36 initiatives to reduce vehicle theft in high vehicle theft areas.

The Maryland Fire Prevention Commission and Fire Marshal helps to free communities from the crime of arson. The Fire Prevention Commission and Fire Marshal provide \$10 million annually to counties, Baltimore City, municipal corporations, and local fire



rescue and/or ambulance companies through the Senator William H. Amoss Fund. The budget also includes an additional \$350,000 and four new positions for the bomb squad.

Effective Juvenile Services

The fiscal year 2005 budget will provide increased funding for the Department of Juvenile Services to implement Governor Ehrlich's vision of comprehensive and results-based solutions to the problem of juvenile crime.

The Department of Juvenile Services will expand mental health and substance abuse services to youth in custody so that comprehensive plans, appropriate to each youth, can be implemented to treat the factors in each young person's life that induce them to criminal activity. Implementation of these plans will be monitored and modified as necessary to ensure that the desired results are achieved. To this end, the budget includes \$7.3 million to provide services such as mental health and substance abuse counseling and to help local subdivisions implement drug court initiatives.

The fiscal year 2005 budget also includes a number of new detention alternatives, designed to move youths away from secure detention facilities and into more effective and less costly community-based programming.

An additional \$1.4 million is provided in the 2005 budget for the department to initiate a day and evening reporting center in Baltimore City and an evening reporting center in Prince George's County. The two new centers will enable youths to remain in the community and receive education and other services while awaiting their trials.

The Department of Juvenile Services is responsible for the care and custody of youth in its State operated and contractual operated facilities. The budget for Residential Operations totals \$65.5 million for 2005, an increase of 9% over the 2004 appropriation. The increase is largely due to the recent opening of three new detention facilities that will help relieve pressure from other facilities and provide for improved living conditions and enhanced treatment services for youths.

Access to Justice

The administration is committed to ensuring that all citizens, regardless of race, gender, creed, sexual orientation or income, have access to a fair trial through legal representation. The operating budget for the Office of the Public Defender (OPD) increases \$4.4 million over the 2004 appropriation, primarily reflecting the addition of 68.5 new positions that will provide critical relief for attorneys with excessive caseloads. The allowance enables OPD to provide effective counsel to all indigent adult and juvenile defendants statewide. The fiscal year 2005 budget also provides a two-grade salary increase for public defenders to provide pay parity.

Keeping the Public Safe

The adult population of Maryland State correctional institutions continues to grow to an average projection of 28,350 in fiscal 2005. Governor Ehrlich, in his plan to maintain necessary security and safety standards in light of this increase, proposes \$65 million towards the construction and development of state and local correctional facilities. He has included in the capital budget plans for the construction of two new high security units in Cumberland as well as plans to improve the detention centers in Baltimore and Anne Arundel Counties.

Last year, more than 15,000 inmates were released from Maryland prisons and returned to their home communities. With no changes to the current correctional system, it would be expected that more than half would eventually be convicted for new crimes. To counteract this situation, the Governor is committed to developing new forms of treatment services for inmates to instill a sense of renewed community belonging and accomplishment upon release. Project RESTART (Reentry, Enforcement and Services Targeting Addiction, Rehabilitation and Treatment), a \$9.2 million initiative, will support the expansion of treatment and rehabilitation services to adults currently in Maryland correctional facilities.

Providing inmates with drug treatment and job training will return inmates to their homes equipped to become productive members of society, which will then result in saving lives and safer communities. The program adds 9,800 new treatment slots and will create approximately 200 new positions over the next three years to provide for the counseling of inmates.

The governor has proposed \$5 million for Collaborative Supervision and Focused Enforcement (CSAFE), to support the public safety needs of crime-ridden jurisdictions. A partnership of far-reaching public safety agents that include policing, juvenile outreach, probation and treatment services will assist vulnerable communities. The integration of these services into a unified law enforcement tool will strengthen Maryland's efforts to reduce recidivism and violent crime in these areas. CSAFE, by design, will also grant communities the freedom to rearrange their resources and information sharing assets to better adapt to an ever-changing criminal environment.

Governor Ehrlich's budget proposes \$8.5 million for substance abuse treatment. Included is a \$1.9 million substance abuse initiative, in cooperation with the Department of Health and Mental Hygiene, to provide substance abuse peer counseling to inmates.

Commerce

The Ehrlich-Steele administration embraces sensible, productive, professional relations between government and businesses; sound physical infrastructure including transportation and technology; and using the State's resources to leverage private investment and help the economy remain strong.

Helping Businesses Grow and Make Jobs

The budget includes \$54.6 million in operating and capital funding for business development programs in the Department of Business and Economic Development. These programs are focused on assisting small and minority businesses and in promoting technology-based businesses and other fields of strength for Maryland.

Maryland tops the nation in research and development spending and is improving in commercializing research and development (R&D) breakthroughs. Maryland's Technology Development Corporation (TEDCO) focuses on bringing innovations from universities and federal labs into the State's economy. TEDCO receives \$7.25 million in operating and capital funding in this budget. It will be used to assist businesses to bring new inventions and processes successfully to market.

TEDCO provides showcases for federal technology applications, seed funding for technology transfer, access to technology business incubator facilities, and technical assistance to access federal R&D and small business funding. TEDCO will enter into a three-year performance agreement with the State setting specific

results benchmarks. In fiscal year 2004 alone, TEDCO leveraged \$3.1 million in non-State grants.

Governor Ehrlich's Commission on the Development of Advanced Technology Business will help make Maryland a premier state in the nation in creating, nurturing and retaining advanced technology investments, businesses and jobs.

Invigorating Communities

The capital budget includes \$16.6 million for community revitalization projects. These include

Baltimore City West Side redevelopment, a new biotechnology park in East Baltimore, Rockville Town Center, and the statewide Neighborhood Business Development program in the Department of Housing and Community Development.



Rebuilding our Transportation Infrastructure

This budget begins a serious effort to restore Maryland's highway infrastructure. National statistics show that Maryland's interstates are the second most congested in the nation, while our pavement conditions are average at best. \$800 million in highway projects include Baltimore beltway improvements, a new Woodrow Wilson Bridge, and initial planning of the Intercounty Connector.

In order to help solve Maryland's transportation problems, Governor Ehrlich recognizes the need to replenish the \$315 million transferred from the Transportation Trust Fund. The fiscal year 2005 budget com-

mences the replenishment process by dedicating \$25 million in new funds for the Transportation Trust Fund.

During the 2004 session, the administration will introduce an expanded financing package to move these projects forward and initiate others required to increase safety, reduce congestion, and to foster economic development opportunities.

The budget includes over \$220 million for airport and seaport operations. BWI airport and the Port of Baltimore are both critical to Maryland's economic vitality. Airport passengers are projected to increase 10% in 2005 while Port tonnage will increase modestly.

Making the Most of our History and Culture

Maryland's rich history is also part of its economic future. Initiatives in several agencies take advantage of Maryland's cultural and historical resources. Tourism promotion will focus on various aspects of history-related tourism, including African-American history, the Civil War, and the historic National Road.

\$1 million is granted to Maryland's nine "Heritage Areas" to encourage and coordinate heritage tourism opportunities, historic preservation efforts, and historic research, education and recreation programs.

Building on these efforts, the Maryland Higher Education Commission includes \$100,000 as the first step in strengthening heritage-related higher education programs in a coordinated manner. The resulting consortium, called the Institute for Museum, Preservation, and Archaeology Research & Training (IMPART), includes institutions of higher education, state agencies, and state museums. Academic programs involved include archeology, architecture, museum science and history.

The Reginald F. Lewis Museum of Maryland African History and Culture is slated to open in Baltimore City

next year, celebrating the home state of Frederick Douglass, Harriet Tubman, Eubie Blake and Thurgood Marshall. This major attraction will draw 300,000 visitors its first year. The budget includes \$2.2 million for the state share of first-year operations.

Funding for support of the Arts is maintained at \$11.1 million. Another \$1 million will be devoted to attracting television and film productions into Maryland.

Encouraging Heritage-Related Development

Governor Ehrlich will propose extending the tax credit for renovation and restoration projects for historic properties. These projects promote historic preservation while helping to revitalize older communities.

Building Technology Infrastructure

The budget includes \$3.6 million for operating networkMaryland, Maryland's digital communication backbone. The build-out schedule for networkMaryland, is being accelerated, with a Point of Presence established in every jurisdiction in the next 12-15 months. Already, the University System and Johns Hopkins are using the network to share extremely large research files and attract additional grant money.

Governor Ehrlich worked with the nine Eastern Shore counties, the Eastern Shore regional councils and TEDCO to address the need for affordable high-speed Internet access on the Eastern Shore. On October 31, 2003 he announced the extension of DSL broadband service to 26 Eastern Shore communities as part of a larger strategy to extend Digital Subscribe Line (DSL) coverage in other rural areas of the State. Governor Ehrlich not only brought broadband service to Maryland's rural counties, but also, through negotiation, eliminated the cost penalty rural business had felt. These actions will allow rural Maryland businesses to receive broadband service at the same costs as urban Maryland businesses.

Maryland's Capital Budget

Governor Ehrlich's capital budgets total approximately \$2.3 billion. This includes \$847 million for state-owned capital projects, grants and loans to local governments, as well as private and non-profit sectors for projects supporting Governor Ehrlich's policy objectives such as restoring the Chesapeake Bay. The remaining, \$1.5 billion, is directed to highway projects, mass transit and other transportation improvements.

The general construction portion of Governor Ehrlich's five-year capital improvement program focuses on improving educational facilities, protecting the environment, augmenting public safety, strengthening and revitalizing communities, and creating and retaining high-wage jobs.

Education

The capital budget provides \$363.5 million to construct new facilities and to improve existing facilities for Maryland's elementary, secondary and post-secondary students. Of this amount, \$202 million will fund improvements to academic and research facilities at four-year institutions of higher education; \$102.7 million will fund new and improved elementary and secondary school facilities, including the School for the Deaf; and \$58.8 million will improve academic facilities on 15 community college campuses.

Public Colleges and Universities: Funding to improve academic and research facilities at public four-year institutions of higher education totals \$194 million. Major projects include: \$55.8 million to construct a new Biological Sciences Research Building at the University of Maryland, College Park; \$19 million to continue funding of a new dental school at the University of Maryland, Baltimore; \$18.6 million to construct a new academic building at St. Mary's College of Maryland; and \$17.6 to construct the New Center for Business and Graduate Studies at Bowie State 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.

Historically Black Colleges and Universities (HBCUs): Of the \$194 million provided to the State's four-year public institutions of higher education, \$50.3 million (25%) is provided to improve facilities at the State's historically black colleges and universities: Bowie State University, the University of Maryland, Eastern Shore, Coppin State College, and Morgan State University. The State will also provide an additional \$62 million in capital funding over the next three years to complete the University System of Maryland's and Maryland Higher Education Commission's \$75 million capital funding commitment to the State's HBCUs.

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 \$101.6 million. An additional \$1.1 million has been included to design improvements to facilities at the Columbia and Frederick campuses of the Maryland School for the Deaf.

Community College Facilities: Governor Ehrlich allocated an additional \$9.2 million over planned funding to provide a total of \$58.8 million to improve academic facilities on 15 community college campuses. Major projects include: \$14.7 million to renovate the main building on the Liberty campus of Baltimore City Community College; \$11.5 million to construct a new High Technology Center at Prince George's Community College; \$7.1 million to construct a new

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

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>Five-Year Total</u>
General Capital	847.4	980.3	996.1	1,025.7	1,039.2	4,888.7
Transportation	1,497.5	1,233.5	969.9	788.9	702.9	5,192.7
Total	2,344.9	2,213.8	1,966.0	1,814.6	1,742.1	10,081.4

Student Services Building on the Takoma Park campus of Montgomery College; and \$2.8 million to construct a new Learning Resource Center at Garrett Community College. The remainder of the capital funding for the community colleges will improve aging facilities and building systems.

Private College and University Facilities: Private colleges and universities receive \$8 million to improve academic and research facilities. Specifically, funding has been provided for: a new library at Columbia Union College in Takoma Park; a new library storage facility for the Johns Hopkins University; a new academic and administration building at Sojourner-Douglass College in downtown Baltimore; and a new academic building for Villa Julie College.

Health and the Environment

\$226 million of capital funding for health and environmental programs reflects the Governor's objectives: improving water quality by upgrading water and wastewater infrastructure; reducing the impact of and directing suburban growth by preserving agricultural lands, sensitive plant and wildlife habitat and open space; restoring the Chesapeake Bay ecosystem; and improving hospitals and community health centers across the State.

Hospitals and Community Health Centers: \$31.6 million is provided for health-related capital projects including: new and improved facilities for the University of Maryland Hospital and private hospitals; new and improved primary care facilities in medically underserved areas through the newly created Federally Qualified Health Centers Grant Program; and new and improved community facilities for the care and treatment of physically, mentally and emotionally disabled individuals, individuals recovering from substance abuse, and the elderly.

Water and Wastewater Infrastructure: \$92 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 2005.

Land Preservation Programs: \$48.8 million, including: \$16 million for local open space grants; \$6 million for the preservation of approximately 2,400 acres of open space through the GreenPrint Program and Program Open Space; \$9.6 million to assist Maryland's farmers produce crops other than tobacco and preserve land in agricultural use; and \$17 million for the preservation of an estimated 8,700 acres of productive farmland through the Agricultural Land Preservation Program.

Chesapeake Bay Restoration Programs: \$34 million will reduce the amount of point and nonpoint source nitrogen and phosphorous runoff entering the Chesapeake Bay. Of this amount, \$23.5 million has been provided for the Biological Nutrient Removal Program. In addition, \$7 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.

Shore Erosion Control and Waterway Access Projects: \$14.9 million for waterway improvements and to control shore erosion.

Environmental Cleanup and Mitigation Programs: \$4.7 million for environmental abatement projects statewide.

Public Safety and Safer Neighborhoods

Capital projects to improve the safety of neighborhoods 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 \$74.7 million for the safety of Maryland's neighborhoods.

State and Local Correctional Facilities: \$64.9 million. Major projects include: \$17.5 to complete the sitework necessary for the construction of two 256-bed housing units at the North Branch Correctional Institution in Cumberland; \$15.3 million for improvements to local correctional facilities, including \$10 million for the expansion of the Baltimore County Detention Center; \$9.6 million to construct a new maximum security wing

Maryland's Capital Budget

at Clifton T. Perkins Hospital; \$8.5 million to renovate support facilities at the Brockbridge Correctional Facility in Anne Arundel County; \$3.3 million for the construction of a new air system at the Women's Detention Center in downtown Baltimore; and \$5.4 million to continue the development of a Statewide wireless communication system for State and local public safety agencies.

Juvenile Facilities: \$6 million including \$2.7 million to renovate educational facilities at the Charles Hickey School and \$3.3 million to construct and renovate community facilities serving at-risk youth.

District Courts: \$2.7 million to design new district court facilities in Rockville and Centreville.

State Police Facilities: \$1.1 million to equip the new Crime Lab and the new police barrack in Easton.

Commerce

The capital budget contains \$54 million to improve the State's economy, focusing on three objectives: business attraction and retention, revitalization of economically distressed areas, and improvements to the State's major tourist attractions.

Business Attraction and Retention Activities: \$28.2 million for economic development financing programs. Of this amount, \$1.5 million will be used by the Maryland Technology Development Corporation to encourage the development of technology companies through business incubation.

Economic Revitalization Activities: The budget includes \$16.6 million to revitalize economically distressed areas through the Neighborhood Business Development Program and individual grants to improve the West Side of Baltimore City, to develop a biotechnology park in East Baltimore, and to redevelop the City of Rockville's town center.

Improving Tourist Attractions: \$9.2 million to improve major tourist and cultural attractions across the State including the National Aquarium in Baltimore,

the Maryland Science Center, Strathmore Hall Performing Arts Center, the B&O Railroad Museum, and the Baltimore Zoo.

Other Projects

The capital budget includes \$137.8 million for other important projects. This funding includes grants to local governments and non-profit organizations for projects that will provide affordable housing and encourage homeownership; grants for improvements to community facilities in neighborhoods throughout the State; and State government infrastructure construction, maintenance and renovation projects.

Housing Programs: \$55.3 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: \$23.2 million has been provided for rental housing programs; \$7.6 million for homeownership programs; \$5 million for the Community Legacy Program; \$1 million to assist families in need of temporary transitional housing; and \$18.5 million for other housing-related programs.

Local Community Facilities: \$44.3 million will be spent on projects that improve the quality of life in neighborhoods throughout the State. Of this amount: \$30.4 million has been provided for local initiatives sponsored by members of the General Assembly; \$5 million for improvements to local parks and playgrounds; \$8.9 million for improvements to Our Daily Bread, Christopher's Place, and the National Research and Training Institute for the Blind in Baltimore; improvements to the beach services building at the Hammerman Area of Gunpowder Falls State Park in Baltimore County; and improvements to senior centers in Anne Arundel County, Baltimore City, Harford County, and Howard County.

The remaining funding is to maintain State facilities, for energy efficiency improvements throughout the State, to improve the State's various historical and cultural attractions, and to provide a contingency fund for unanticipated costs for State construction projects.

General Capital Improvement Program Fiscal Year 2005
(\$ millions)

	<u>General</u> <u>Obligation Bonds</u>	<u>General</u> <u>Funds</u>	<u>Revenue</u> <u>Bonds</u>	<u>Other</u>	<u>Total</u>
<u>EDUCATION</u>					
Public Colleges & Universities	169.0		25.0		194.0
Public School Construction	99.2			2.4	101.6
Community Colleges	58.8				58.8
Private Education Facilities	8.0				8.0
School for the Deaf	1.1				1.1
Subtotal	336.1	0.0	25.0	2.4	363.5
<u>HEALTH AND ENVIRONMENT</u>					
Water and Wastewater Infrastructure	18.9			73.1	92.0
Land Preservation	30.0			18.8	48.8
Chesapeake Bay Restoration	34.0				34.0
Hospitals and Community Health Centers	31.6				31.6
Waterway Improvements				14.9	14.9
Environmental Cleanup	4.7				4.7
Subtotal	119.2	0.0	0.0	106.8	226.0
<u>PUBLIC SAFETY AND SAFER NEIGHBORHOODS</u>					
State and Local Correctional Facilities	64.5			.4	64.9
Juvenile Facilities	6.0				6.0
District Courts	2.7				2.7
State Police	1.1				1.1
Subtotal	74.3	0.0	0.0	.4	74.7
<u>COMMERCE</u>					
Economic Development Programs	27.0			17.8	44.8
Tourist Attractions	9.2				9.2
Subtotal	36.2	0.0	0.0	17.8	54.0
<u>OTHER PROJECTS</u>					
Housing	22.3			33.0	55.3
Local Community Facilities	44.3				44.3
Facilities Maintenance	28.6			3.8	32.4
Other	2.6			3.2	5.8
Subtotal	97.8	0.0	0.0	40.0	137.8
TOTAL	663.6	0.0	25.0	167.4	856.0
Less: Deauthorizations	(8.6)				(8.6)
Net New GO Bond Authorization	655.0	0.0	25.0	167.4	847.4
Less Tobacco Buyout Bonds	(5.0)				
Amount Subject to Debt Limit	650.0				

Note: Totals may not add due to rounding.

Capital Budget for Transportation

The proposed fiscal year 2005 capital budget for Department of Transportation projects is \$1.5 billion. The budget builds and maintains the entire range of transportation infrastructure including roads, motor vehicle facilities, mass transit, mobility, the Port of Baltimore and airports.

Governor Ehrlich's capital program is funded through State sources, federal aid and a few other sources. In fiscal year 2005 State sources comprise \$716.8 million of the capital budget, or 48% of the total, and federal aid for highways, mass transit, aviation, and port security totals \$633.5 million, or 42%. The federal aid estimates do not include funds (\$146 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); Maryland Transportation Authority financing, comprise \$147.1 million or 10% of the transportation capital budget.

The Secretary's Office

The fiscal year 2005 capital budget for the Secretary's Office is \$24.6 million, with most of this funding targeted towards reducing vehicle emissions.

State Highway Administration (SHA)

Highway projects make up \$797.8 million, the largest share of Governor Ehrlich's fiscal year 2005 capital program for transportation. The SHA capital program is funded with \$448 million in federal aid and \$349.8 million from State sources. Major projects by region include:

Western Maryland: \$2.0 million for the replacement of the bridge over George's Creek in Allegany County, \$2.9 million for preliminary planning and right of way purchases to relocate US 219 in Garrett County and \$1.9 million for replacement of the Shepherdstown Pike bridge over the Potomac River in Washington County. Major Construction and Development and Evaluation (D&E) projects in Western Maryland in fiscal year 2005 account for \$8.7 million in State and federal funds.

Eastern Shore: \$1.2 million for upgrading MD 404 in Caroline County and \$2.1 million for the reconstruction of US 113 between Snow Hill and

Berlin in Worcester County. Major Construction and D&E projects on the Eastern Shore in fiscal year 2005 account for \$6.5 million in State and federal funds.

Suburban Washington Region: \$5.7 million for studies to further improve I-70 in Frederick County; \$26.8 million for US 29 interchange improvements; \$17.4 million for east/west intersection improvements in Montgomery County; \$173.8 million for the Woodrow Wilson Bridge Replacement; \$22.4 million for MD 450 improvements in Prince George County. There is a non-budgeted amount in the Maryland Transportation Authority capital program totaling \$89 million in planning and right-of-way funds for the Intercounty Connector (ICC).

Southern Maryland: \$1.6 million for right-of-way purchases for MD 5 Hughesville Improvements in Charles County, \$3.2 million to study and purchase right of way for the expansion of MD 237 in St. Mary's County, and \$3.7 million for preliminary engineering and right of way purchases for the upgrade of MD 2/MD 4 corridor in Calvert County.

Baltimore Region: \$8.1 million for the relocation of MD 216 in Howard County, \$29.4 million for I-695 improvements, \$11.5 million for the extension of MD 43 in Baltimore County, \$2.3 million for MD 32 interchanges, and \$2.1 million for US 50 ramps in Anne Arundel County.

Motor Vehicle Administration (MVA)

\$19.1 million

Major projects include \$4.4 million for a new branch office in Montgomery County and \$3.4 million for a driver licensing point-of-sale system.

Maryland Aviation Administration (MAA)

\$241.6 million

Over \$145 million comes from non-trust fund revenue sources. Major BWI projects include \$88.9 million to renovate concourses, \$8.7 million for a parallel taxiway

and aircraft parking ramps, \$20 million for parking shuttle buses, and \$36.7 million for terminal roadway improvements. Also included are \$4.4 million for runway and control tower improvements at Martin State Airport, and over \$65 million in general facilities and equipment improvements at both airports.

Maryland Port Administration (MPA)

\$92.1 million

Of this amount, \$30 million is for projects related to dredging the Port of Baltimore, \$13.1 million to develop additional warehouse space, \$4.6 million to rehabilitate berths 5/6 at Dundalk Marine Terminal, and \$2.8 million for security improvements.

Maryland Transit Administration (MTA)

\$289.1 million

\$132.3 million (45%) coming from federal sources.

MARC commuter rail improvements include \$13.5 million for a mid-day storage facility at Union Station; \$19.4 million for efficiency improvements on the Camden, Brunswick and Penn line; \$5.2 million for relocation of MARC station and improvements to the Silver Spring Transit Center; and \$3.8 million for station parking expansion.

MTA improvements in the Baltimore area include \$32.7 million to double track a portion of the light rail system, \$8.3 million to renovate Metro escalators and elevators, \$24.6 million for fare equipment replacement, and \$68.0 million for ongoing Metro equipment and bus replacement.

Over \$19.0 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 DC area total \$33.2 million in fiscal year 2005. This does not include \$145.5 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 a negative \$44.9 million. This is due to the usage of State funds when federal funding lagged behind. It is anticipated that in fiscal year 2005 the advanced funds will be repaid.

An additional \$20.2 million in State funds will go for normal bus and rail car replacement and \$28.1 million in State funds will provide for Metrorail equipment overhaul or replacement.

**DEPARTMENT OF TRANSPORTATION
Total Program - FY 2005 – 2009 (\$ millions)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	Five-Year Total
The Secretary's Office	24.6	14.1	8.6	8.6	8.4	64.3
Motor Vehicle Admin.	19.1	18.0	22.8	24.3	25.4	109.6
Maryland Aviation Admin.(1)	241.6	126.9	60.5	41.2	50.6	520.8
Maryland Port Admin.	92.1	60.4	46.8	57.1	64.1	320.5
Maryland Transit Admin.	289.1	219.4	137.4	68.3	101.8	816.0
Wash-Metro Area Transit (2)	33.2	92.5	85.7	90.2	72.6	374.2
State Highway Admin.	<u>797.8</u>	<u>702.2</u>	<u>608.1</u>	<u>499.2</u>	<u>380.0</u>	<u>2,987.3</u>
Total Capital Spending	1,497.5	1,233.5	969.9	788.9	702.9	5,192.7
Sources of Funds:						
Special Funds	716.9	590.6	460.0	369.7	424.8	2,562.0
Federal Funds (2)	633.5	604.5	499.6	418.5	277.6	2,433.7
Other Funds (3)	<u>147.1</u>	<u>38.4</u>	<u>10.3</u>	<u>0.7</u>	<u>0.5</u>	<u>197.0</u>
Total	1,497.5	1,233.5	969.9	788.9	702.9	5,192.7

1 The Department is using Passenger Facility Charge (PFC) revenue, Customer Facility Charge (CFC) revenue, and Maryland Transportation Authority (MdTA) bond financing to fund several projects identified in this program. The PFC, CFC, and MdTA 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 Includes other funding sources (PFCs, CFCs, COPs, and MdTA funds for MAA projects).

Note: Totals may not add due to rounding.

Constitutional Agencies

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. Under the State Constitution, the Governor is not permitted to alter the General Assembly's proposed budget.

<u>\$ thousands</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>Change 04-05</u>
General Funds	57,361	59,860	60,739	1.5%
<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. Under the State Constitution, the Governor is not permitted to alter the Judiciary's proposed budget. Included in the Department of Budget and Management's budget is \$1 million to implement the first year of a four-year, phase-in salary increase for judges recommended by the Maryland Judicial Compensation Commission.

<u>\$ thousands</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>Change 04-05</u>
General Funds	263,788	275,006	282,576	2.8%
Special Funds	13,609	33,118	33,705	1.8%
Federal Funds	2,414	1,915	2,708	41.4%
Total	279,810	310,040	318,990	2.9%
<u>Positions</u>				
Authorized	3,223.8	3,223.8	3,243.8	20.0
Contractual	390.0	390.0	371.0	-19.0
Total	3,613.8	3,613.8	3,614.8	1.0

OFFICE OF THE GOVERNOR

The Office of the Governor includes the Governor, Lieutenant Governor and their immediate staff. This year it also includes the newly created Office of Homeland Security. In fiscal year 2005, proposed legislation will create a new Department of Disabilities. The Office for Individuals with Disabilities will receive close to \$1 million in additional funding to allow the new department to widen its scope of work and level of involvement in issues concerning individuals with disabilities. (See Independent Agencies for more information.)

<u>\$ thousands</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>Change 04-05</u>
General Funds	8,031	8,159	8,709	6.7%
Special Funds	29	0	0	0.0%
Reimbursable	0	55	74	34.5%
Total	8,060	8,214	8,783	6.9%
<u>Positions</u>				
Authorized	84.5	85.5	85.5	0.0
Contractual	3.5	3.5	3.5	0.0
Total	88.0	89.0	89.0	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>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>Change 04-05</u>
General Funds	2,459	2,361	2,439	3.3%
Special Funds	387	495	486	-1.8%
Total	2,846	2,856	2,925	2.4%
<u>Positions</u>				
Authorized	37.6	34.6	34.6	0.0
Contractual	2.7	1.6	1.4	-0.2
Total	40.3	36.2	36.0	-0.2

COMPTROLLER OF THE TREASURY

The Comptroller is a constitutional officer independently elected by the citizens of Maryland. 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. Seventeen new positions to increase audit and collection efforts will generate over \$3 million in new revenue.

<u>\$ thousands</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>Change 04-05</u>
General Funds	63,364	65,731	67,330	2.4%
Special Funds	12,679	12,666	12,861	1.5%
Reimbursable	23,557	25,330	24,746	-2.3%
Total	99,600	103,727	104,937	1.2%
<u>Positions</u>				
Authorized	1,125.7	1,103.2	1,120.2	17.0
Contractual	20.9	31.4	29.9	-1.5
Total	1,146.6	1,134.6	1,150.1	15.5

STATE TREASURER

The Treasurer is a constitutional officer elected 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>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>Change 04-05</u>
General Funds	3,840	3,635	3,697	1.7%
Special Funds	760	619	622	0.5%
Reimbursable	25,907	27,115	29,438	8.6%
Total	30,507	31,368	33,757	7.6%
<u>Positions</u>				
Authorized	53.0	52.0	52.0	0.0

ATTORNEY GENERAL

The Attorney General is a constitutional officer independently elected by the citizens of Maryland. 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. Additional funding will enhance enforcement of laws covering securities fraud and Medicaid abuse.

<u>\$ thousands</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>Change 04-05</u>
General Funds	16,636	17,090	17,464	2.2%
Special Funds	1,184	602	1,425	136.8%
Federal Funds	1,330	1,428	1,578	10.5%
Reimbursable	2,385	2,524	2,532	0.3%
Total	21,535	21,643	22,999	6.3%
<u>Positions</u>				
Authorized	247.5	239.5	242.5	3.0

Totals may not add due to rounding.

Department of Agriculture

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 budget for the Department of Agriculture totals \$62.7 million, level funded with the fiscal year 2004 appropriation, and includes the effect of eliminating 11 vacant positions. The allowance for MDA continues Maryland's commitment to maintaining and enhancing preservation of adequate productive farmland, stewardship and resource conservation, maintaining animal and plant resources, providing consumer protection, and promoting the sale and use of agricultural products.

Department of Agriculture receives \$7.1 million in Federal Funds for farm land protection, cooperative forestry, and several nutrition projects.

Crop Project. Cover Crops provide assistance to the agricultural community by preserving the viability of agricultural land over the winter and is an effective method for reducing the flow of nutrients into the Chesapeake Bay.

The allowance includes: \$12.1 million for Maryland Agricultural Land Preservation Foundation to promote the preservation of agricultural land and the incorporation of best management practices. These activities are supported by a variety of funds including property tax transfers, agricultural tax transfers, and federal farmland protection funding.

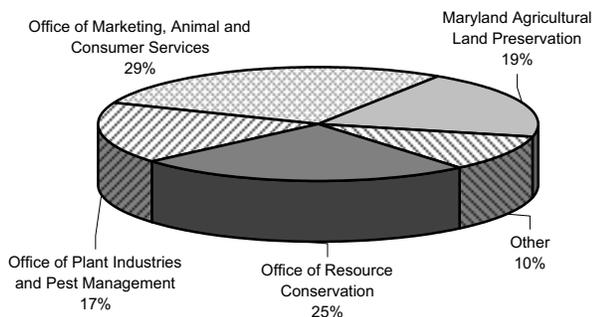
\$15.5 million for the Office of Resource Conservation, which includes a \$250,000 enhancement for the Cover

MDA provides both regulatory and promotional support for the horse industry in Maryland. Maryland has over 87,000 equine on over 685,000 acres. Proceeds from horse racing pari-mutuel activities provide \$1.4 million to support agricultural fairs statewide.

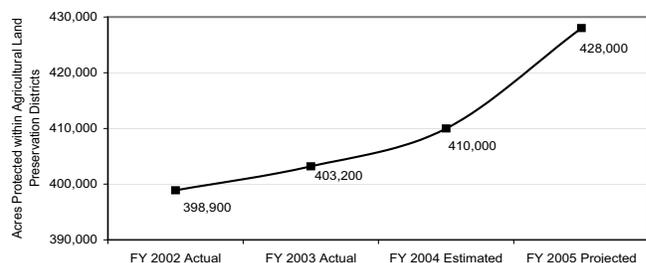
A fiscal year 2004 deficiency appropriation of \$700,000 is being provided for mosquito control in order to protect the public health of Maryland's citizens.

MDA receives \$7.1 million in Federal Funds primarily for farm land protection, cooperative forestry, and several nutrition projects. MDA also receives \$25.8 million in special funds. This includes \$9.9 million for the Maryland Agricultural Land Preservation Foundation and easements, \$6.1 million in Cigarette Restitution Funds, and the remainder from various service fees.

Expenditures



Acres Protected within Agricultural Land Preservation Districts



POSITIONS: 471.8

BUDGET: \$62.7 MILLION
 LESS THAN 1% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY 03 Actual	FY 04 Appropriation	FY 05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	29.2	26.4	26.1	-1.2%
Special Funds	49.6	24.9	25.8	3.8%
Federal Funds	4.8	8.1	7.2	-11.4%
Reimbursable Funds	8.4	3.2	3.5	10.7%
Total	92.0	62.6	62.7	0.1%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	46.0	18.8	18.6	-1.0%
Office of Marketing, Animal Indst. and Consumer Svcs.	17.9	18.6	17.7	-5.0%
Office of Plant Industries and Pest Management	10.3	10.2	10.9	6.6%
Office of Resource Conservation	17.7	15.0	15.5	3.3%
Total	92.0	62.6	62.7	0.1%
POSITIONS:				
Authorized	439.0	431.0	431.0	0.0
Contractual	44.5	50.7	40.8	-9.9
Total	483.5	481.7	471.8	-9.9

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Agricultural Land Preservation District Acreage	403,200	410,000	428,000
Easement Acreage	232,897	237,202	253,912
Nutrient Management Plans — acreage filed with MDA	580,000	600,000	650,000
Gypsy Moths — acres treated	14,053	8,000	22,000
Maryland Seafood Sales (\$ millions)	277	282	287

Totals may not add due to rounding.

Department of Budget & Management

Mission: The Department of Budget and Management (DBM) 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's budget totals \$ 127.3 million including \$57.9 million for statewide employee salary increases. The operating budget for DBM increases \$4.2 million (6.5%) over the fiscal year 2004 appropriation primarily attributable to reimbursable funding of telecommunication costs after deductions for statewide employee salary increases.

The allowance provides \$38.7 million for oversight and coordination of state information technology projects, FMIS accounting system support and telecommunications operations.

\$12 million is budgeted to manage and administer the State's personnel system, employee benefit programs and to coordinate employee development and training.

One of Governor Ehrlich's priorities is a salary increase for state employees; after 2.5 years with no general pay increases, this budget provides \$57.9 million to implement State employee compensation adjustments as follows: Cost of Living Adjustment (COLA) of 1.6%

(\$46.9 million); Annual Salary Review (ASR) mainly for attorneys, and juvenile services direct care workers (\$9.9 million); and initial funding of a four-year phase-in salary increase for judges based on the Maryland Judicial Compensation recommendations (\$1.1 million includes offices of the Public Defender and State Prosecutor).

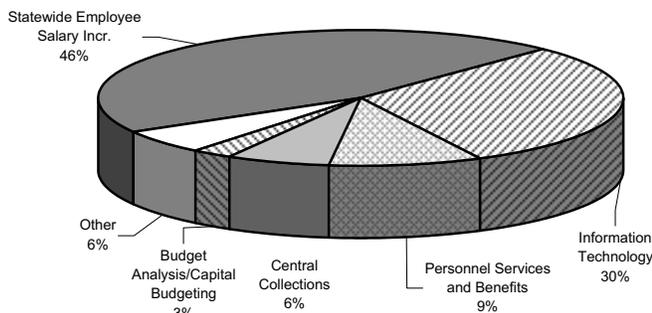
The allowance includes \$1.0 million to provide technical assistance to agencies that create opportunities to increase revenues and/or reduce costs.

The Department's FY 2005 general fund budget, excluding statewide costs, reflects a small increase of \$201,000 (0.7%). The department voluntarily reduced its budget by 10.1% in fiscal year 2004.

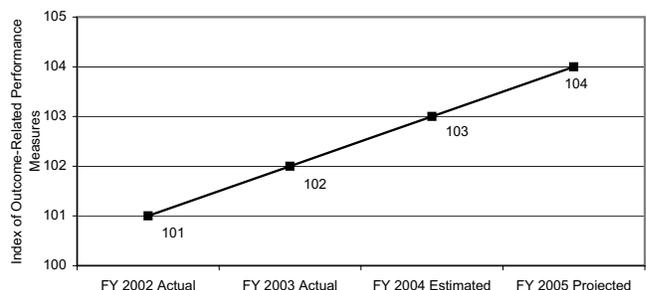
Special funds of \$15.8 million for the Central Collection Unit are included to support costs of the collection of applicable delinquent debts of the State and administration of the Telecommunications Access for Maryland program that provides telecommunication relay service for hearing and speech impaired citizens.

Governor Ehrlich's budget provides \$57.9 million of additional compensation for State employees.

Expenditures



State Agencies are Achieving their Strategic Outcome Goals



THREE YEAR SUMMARY	FY 03 Actual	FY 04 Appropriation	FY 05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	28.8	30.1	89.2*	196.0%
Special Funds	13.7	15.1	15.8	4.1%
Reimbursable Funds	17.8	19.9	22.3	12.2%
Total	60.4	65.2	127.3	95.3%*
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	12.9	13.6	15.2*	11.8%
Office of Personnel Services and Benefits	12.4	11.8	69.9*	492.7%
Office of Information Technology	31.6	36.4	38.7	6.5%
Office of Budget Analysis	2.1	2.0	2.0	0.0%
Office of Capital Budgeting	1.5	1.4	1.4	0.0%
Total	60.4	65.2	127.3	95.3%*
POSITIONS:				
Authorized	531.3	472.3	472.3	0.0
Contractual	27.1	19.4	20.9	1.5
Total	558.4	491.7	493.2	1.5

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
State Operating Budget (\$ billions)	\$22.5	\$23.0	\$23.8
State Capital Budget			
(Excluding Transportation - \$ million)	\$1,048.1	\$983.7	\$847.4
Statewide Authorized Positions	80,084	78,094	78,151
Statewide Contractual Positions	8,282	9,171	9,327
Employee Health Plan Enrollment	70,040	70,206	70,206
Monthly Average Maryland Relay Calls	129,785	178,156	221,000
State Performance Measure Index (2001 = 100.0)	102	103	104

* Includes Statewide costs; actual department wide increase after excluding Statewide costs is .07%.

Totals may not add due to rounding.

Department of Business & Economic Development

Mission: To stimulate private investment, create jobs, attract new businesses, and encourage expansion and retention of existing businesses in order to strengthen the State's economy.

The Department of Business and Economic Development budget totals \$101.2 million, a decrease of \$8.1 million (7.4%) from the fiscal year 2004 appropriation. While Maryland has felt the effects of the national economic slump, DBED is well positioned to contribute to the State's economic recovery.

The allowance includes: \$8.2 million, an increase of \$328,000(4.2%) to promote Maryland as a potential location for new businesses and to retain or expand existing businesses. Specifically, the department is focused on attracting technology and biotechnology businesses.

Tourism Development will receive \$11.3 million to promote tourism, and the State Arts Council will receive \$12.2 million.

\$45.5 million to support grants, loans and working capital to businesses through the financing programs. The budget also includes \$15 million in General Obligation Bonds for the Maryland Economic Development Assistance Authority and Fund.

\$27.8 million to support the Division of Tourism, Film and the Arts; the same level as the revised FY04 Appropriation.

\$10.9 million for the Division of Regional Development. \$4.5 million is for workforce and training grants to businesses and \$1.9 million is provided to support to various councils, regional organizations, small business activities and the economic development of Maryland's military base communities.

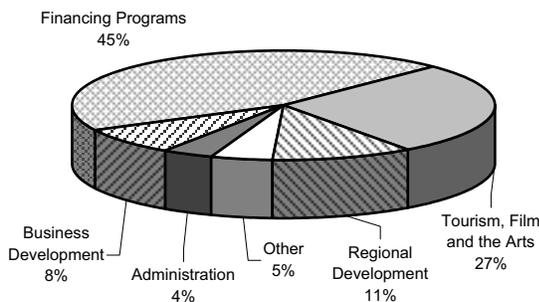
The Governor's Office of Business Advocacy has been created within DBED to increase services for small and minority businesses.

\$1.4 million for the new Division of Economic Policy, Research and Legislative Affairs; this new division combines the government relations, policy development, research and economic analysis functions of the department. The department reallocated funding and personnel from several divisions to support this new unit. Also, the Maryland Technology Development Corporation is now an Independent Agency.

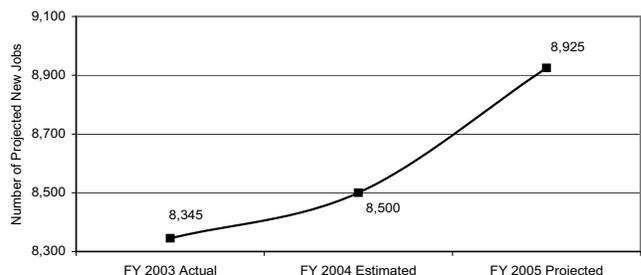
Governor Ehrlich created the Governor's Commission on the Development of Advanced Technology Business. The Commission's recommendations, including establishing better working relationships between technology councils in Maryland and State government, will help make Maryland a premier State in the Nation in creating, nurturing and retaining advanced technology investments, businesses and jobs.

The fiscal year 2005 budget for the State's Economic Development Opportunities Fund (Sunny Day Fund) includes \$2 million for grants to be awarded by DBED. This funding is outside DBED's budget, in the State Reserve Fund.

Expenditures



New Jobs Projected Due to DBED Assistance



POSITIONS: 334.6

BUDGET: \$101.2 MILLION
 LESS THAN 1% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY 03 Actual	FY 04 Appropriation	FY 05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	71.3	55.5	61.7	11.1%
Special Funds	63.8	52.8	38.6	-26.9%
Federal Funds	0.6	0.6	0.6	0.0%
Reimbursable Funds	0.7	0.4	0.4	0.0%
Total	136.3	109.3	101.2	-7.4%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	4.3	3.9	3.9	0.0%
Division of Administration and Information Tech.	3.4	3.5	3.5	0.0%
Division of Econ. Policy, Research and Legis. Affairs	1.5	1.4	1.4	0.0%
Division of Business Development	8.5	7.9	8.2	4.2%
Division of Financing Programs	76.2	56.0	45.5	-18.7%
Division of Tourism, Film and the Arts	28.9	25.1	27.8	10.6%
Division of Regional Development	13.5	11.5	10.9	-5.1%
Total	136.3	109.3	101.2	-7.4%
POSITIONS:				
Authorized	309.0	299.0	299.0	0.0
Contractual	46.9	42.2	35.6	-6.6
Total	355.9	341.2	334.6	-6.6

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Business Development:			
Jobs Created - Projected	8,345	8,500	8,925
Jobs Retained - Projected	9,120	9,000	9,000
Export Sales (\$ million)	24.0	75.0	100.0
Capital Investment:			
Total Project Cost (\$ million)	497.0	250.0	400.0
Regulatory and Training Assistance:			
Number of Businesses Assisted	1,159	1,110	1,110
Number of Workers Trained	9,120	9,000	9,000
Tourism:			
Total Travel Expenditures (\$ billion)*	8.7	9.2	9.8
Feature Film Productions	10	3	7
National Television Productions	6	3	3

*calendar year estimates

Totals may not add due to rounding.

Department of Education

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

The highlight of Governor Ehrlich's fiscal year 2005 budget is the Governor's commitment to Maryland's schools. To adequately fund education and help those subdivisions in need, the allowance for the Maryland State Department of Education totals \$4.71 billion, an increase of \$384.7 million (8.9%) over the fiscal year 2004 appropriation.

The increase for state aid is \$326 million (10%) over fiscal year 2004. Significant increases in mandated programs include:

\$101.2 million increase in current expense formula funding, the basic "Foundation Aid Program" distributing \$2.1 billion in state aid.

\$137.4 million increase in the compensatory education formula aid for educating economically disadvantaged students.

\$41.4 million increase in the students with disabilities formula aid for students in need of special education services.

\$11.2 million increase in formula aid for special education students placed in non-public day and residential programs.

\$8.5 million increase in transportation grants for inflation and increased enrollment.

\$12.5 million increase in the limited English proficiency program.

State education aid not mandated by major statutory funding formula is budgeted at \$48.5 million, a decrease of \$6.6 million in State general funds. This decrease is a result of the reduction or elimination of three programs as well as funding for a staff development center due to cost considerations, more than offset by additional appropriation of \$384.7 million.

In addition to direct aid increases, aid for local employee fringe benefits associated with teacher retirement costs increases by \$20 million.

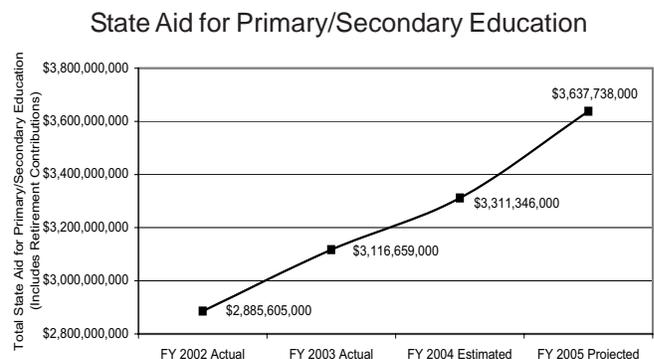
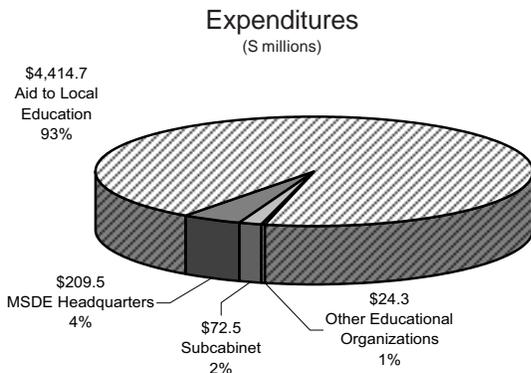
Other funding increases include:

\$5.6 million for the Hickey School Education Program. The Department is taking over the responsibility from the

Department of Juvenile Services for educating youth offenders. The educational program includes 68 new instructional and administrative staff, as well as additional equipment, classrooms, and educational supplies.

Federal fund increases in fiscal year 2005 include funding for special education, school nutrition and rehabilitation services. The state will receive limited additional Federal funds associated with the new Federal "No Child Left Behind" legislation because the greatest portion of funding was received in FY 2004, the start-up period for the program. Vocational rehabilitation services are financed primarily with Federal funds.

K-12 Education's increase of \$326 million (10%) is the largest education increase in Maryland's history!



POSITIONS: 1,528.6

BUDGET: \$4.7 BILLION
20% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03	FY04	FY05	Change
	Actual	Appropriation	Allowance	FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	3,257.7	3,485.1	3,845.4	10.3%
Special Funds	131.4	11.0	10.6	-3.8%
Federal Funds	757.6	818.2	853.3	4.3%
Reimbursable Funds	12.0	12.3	2.0	-83.8%
Total	4,158.7	4,326.6	4,711.3	8.9%
EXPENDITURES: (in millions of dollars)				
Headquarters	187.6	195.7	209.5	7.1%
Aid to Education	3,872.9	4,033.6	4,414.7	9.4%
Funding for Educational Organizations	24.3	23.6	24.3	3.1%
Subcabinet Fund	73.9	73.8	62.7	-15.0%
Total	4,158.7	4,326.6	4,711.3	8.9%
POSITIONS:				
Authorized	1,439.5	1,327.8	1,397.8	70.0
Contractual	118.3	116.6	130.8	14.2
Total	1,557.8	1,444.4	1,528.6	84.2

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005
	Actual	Estimated	Projected
Enrollment (Basic Current Expense)	810,502	821,984	825,941
Students with Disabilities (Total)	114,570	116,860	107,690
Correctional Education Enrollment	2,569	3,200	2,720
Rehabilitation Services Clients	1,280	1,200	1,150

Totals may not add due to rounding.

Department of the Environment

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 budget for the Maryland Department of the Environment totals \$164.8 million, including \$72.7 million for capital programs. Adjusted for capital, the operating budget for MDE is \$92.1 million, a decrease of \$3.3 million or 3.4 percent from the 2004 appropriation. When \$41.8 million in bonds are included, total funding for capital programs is \$114.5 million, an increase of \$13.0 million (12.8) from fiscal year 2004.

The operating allowance includes \$27.8 million for water quality, \$12.9 million for air quality, and \$23.0 million for waste and hazardous materials control.

Monitoring, research, and special programs, including Chesapeake Bay programs are funded at \$11.5 million, and \$16.9 million is provided for coordinating functions, such as Pollution Prevention, Environmental Justice, management of capital programs for water quality improvement, and general administration.

Funds are provided to develop total maximum daily load (TMDL) standards for impaired streams and waterbodies throughout the state. TMDLs are the

maximum amount of a pollutant, such as nitrogen, that can be added to a waterbody without degrading water quality.

One of Governor Ehrlich's environmental priorities is to clean up abandoned, polluted industrial sites, called Brownfields. MDE's budget contains \$150,000 to strengthen efforts to clean up brownfields sites across the State. Three geologists and one Assistant Attorney General positions have been added to the Brownfields Remediation Program within the Waste Management

Administration to enhance the ability of the State to bring identified Brownfields sites into the Voluntary Cleanup Program for restoration, and ultimately for redevelopment.

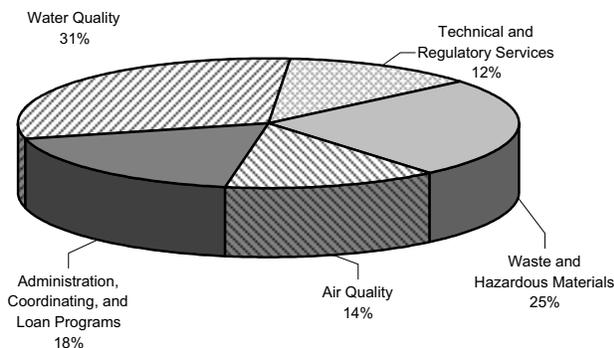
Capital improvements to local drinking water systems and wastewater treatment plants are

funded at \$112 million. These improvements will assist State agencies and local governments to ensure that water quality standards are met and will help restore the Chesapeake Bay.

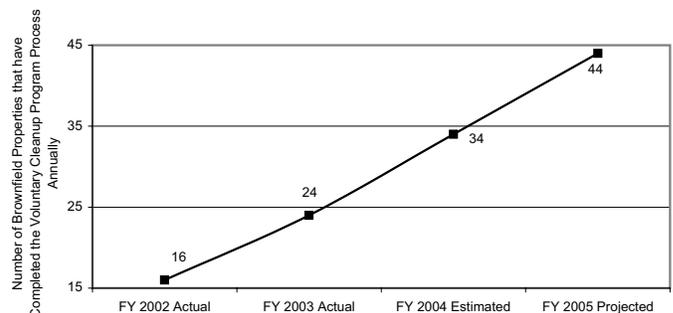
In 2005, MDE expects to collect \$61.3 million in special funds and expects to receive \$61.6 million in federal funds to support its capital and operating programs.

\$112 million in capital expenditures will improve local drinking water systems and wastewater treatment plants.

Expenditures



Voluntary Clean-up Program Continues to Remediate Brownfields Sites



THREE YEAR SUMMARY	FY03 Actual	FY04 Appropriation	FY05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	49.6	38.8	37.6	-3.0%
Special Funds	77.3	61.0	61.3	0.4%
Federal Funds	22.8	63.7	61.6	-3.4%
Reimbursable Funds	4.2	4.6	4.3	-5.8%
Total	153.9	168.2	164.8	-2.0%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	61.3	74.8	74.6	-0.3%
Administrative and Employee Services Administration	8.2	7.2	7.2	0.0%
Water Management Administration	29.3	30.9	27.8	-10.0%
Technical and Regulatory Services Administration	13.7	12.1	11.5	-4.9%
Waste Management Administration	21.1	22.5	23.0	2.0%
Air and Radiation Management Administration	13.3	13.6	12.9	-5.0%
Coordinating Offices	7.0	7.1	7.9	10.8%
Total	153.9	168.2	164.8	-2.0%
POSITIONS:				
Authorized	975.0	951.0	952.0	1.0
Contractual	23.1	43.1	43.0	-0.1
Total	998.1	994.1	995.0	0.9

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Percentage of Marylanders served by Public Water Systems in significant compliance	99%	97%	97%
Percentage of Total Shellfish Harvesting Acres Approved or Conditionally Approved	93.8%	95%	95%
Percentage of Inspected Surface Water Sites/Facilities in Significant Compliance	99.8%	*	*
Percent of Lead-Tested Children with "Poisoned" Levels	0.3%	0.27%	0.24%
Percentage of State Population in Areas Not Meeting Air Quality Standards	89%	89%	89%
Number of Acres in Voluntary Clean-Up Program Completed	247	350	450

*Not predicted; target is 99%

Totals may not add due to rounding.

Department of General Services

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 budget for the Department of General Services shows an increase of \$3.6 million (4.8%) over the fiscal year 2004 appropriation. The increase results primarily from funding added for facility maintenance and upkeep, operating cost increases, annualization costs for the Silver Spring District Court/Multi-Service Center, and costs associated with historic and overdue renovations for the State House in Annapolis.

The allowance includes: \$11.5 million for Facilities Security to provide for the safety and security of buildings and grounds under the jurisdiction of DGS, \$9.7 million for the planning, budgeting, design, construction, and maintenance of State facilities, \$6.5 million for procurement, contracting and technical support services to using agencies, \$2.1 million for real estate services, and \$4.6 million for executive oversight and administrative functions.

The allowance provides \$11.5 million for Facilities Security to provide increased safety and security in State buildings.

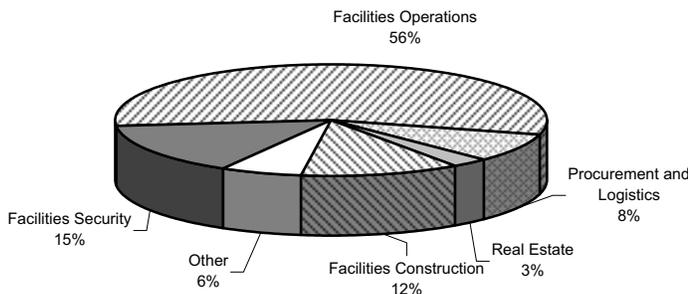
\$43.9 million to provide for the operation and maintenance of buildings and grounds under the control of the Department. This includes management of contract services relating to the operations of the facilities.

The Statewide Facilities Critical Operating Maintenance Fund will receive \$2.3 million in general funds, an increase of \$0.5 million over the fiscal year 2004 level, to enhance efforts to properly maintain State facilities thereby preventing deterioration.

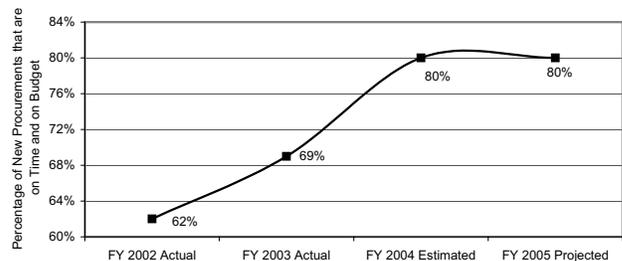
The Facilities Operations Program will be augmented by \$1.0 million in general funds, an increase of \$940,000 over the fiscal year 2004 level, to upgrade the interior office space for State facilities under DGS management.

\$980,000 is budgeted in major information technology projects--outside this budget--to develop a new, more secure, employee ID system.

Expenditures



Percentage of New Procurements that are on Time and on Budget



POSITIONS: 733.8

BUDGET: \$78.3 MILLION
 LESS THAN 1% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03	FY04	FY05	Change
	Actual	Appropriation	Allowance	FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	50.7	48.2	51.5	6.9%
Special Funds	1.8	1.5	1.5	0.0%
Federal Funds	0.7	0.8	0.8	0.0%
Reimbursable Funds	21.9	24.3	24.5	0.8%
Total	75.1	74.7	78.3	4.9%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	4.7	4.2	4.7	10.2%
Office of Facilities Security	11.1	10.9	11.5	5.0%
Office of Facilities Operation and Management	41.5	42.2	43.9	4.1%
Office of Procurement and Logistics	6.0	6.6	6.5	-0.2%
Office of Real Estate	2.2	2.1	2.1	0.0%
Office of Facilities Planning, Design and Construction	9.6	8.7	9.7	10.5%
Total	75.1	74.7	78.3	4.9%
POSITIONS:				
Authorized	806.5	714.0	706.0	-8.0
Contractual	26.0	27.8	27.8	0.0
Total	832.5	741.8	733.8	-8.0

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005
	Actual	Estimated	Projected
Number of Buildings Maintained	55	56	56
% Construction Projects Finished Within 20 Days of Schedule	63%	80%	80%
Number of Thefts at DGS Managed Facilities	98	95	91

Totals may not add due to rounding.

Department of Health & Mental Hygiene

Mission: The Department of Health and Mental Hygiene (DHMH) 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 allowance for the Department of Health and Mental Hygiene totals \$6.1 billion, an increase of 7% over the fiscal year 2004 appropriation.

The Medicaid budget, providing healthcare to 636,000 needy Marylanders in 2005, totals \$3.99 billion, an increase of \$302 million (8%). A fiscal year 2004 deficiency will provide \$157.4 million.

The Mental Health community services program, is funded at \$551.7 million in 2005, a \$32 million (6%) increase over 2004. The budget includes a fiscal year 2004 deficiency of \$54 million.

The budget reflects consolidation of the largest psychiatric facilities by moving patients and staff from Crownsville Hospital Center to Spring Grove and Springfield hospitals. It is expected that consolidation will save \$12 million, \$5 million of which will be transferred into community services. Carter Center operations will be taken over by the University of Maryland Medical System (UMMS). These measures will free up 267 state-funded positions by the end of fiscal year 2005.

Funding for community services for those with developmental disabilities increases by \$43.4 million (9%). This includes \$17.8 million to boost salaries

paid to direct care staff of community providers, \$5.1 million to respond to emergencies faced by families in crisis, \$6.8 million for the Transitioning Youth Program, \$1 million to enhance behavioral support intervention and assistance, and \$2.3 million for placements from the state residential centers.

Substance abuse treatment increases \$8.5 million (6%)

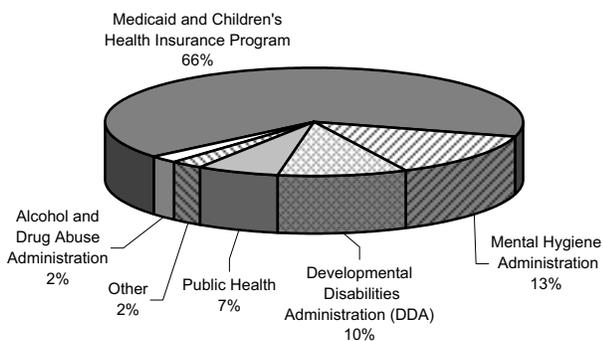
to \$129.4 million. A new \$4 million initiative will fund residential treatment in lieu of incarceration for criminal justice clients.

Core funding for local health departments increases \$442,000. Funding for all public health programs increases to \$15.8 million (5%). A new initiative, funded at \$408,000, will train community-based pediatric providers in diagnosing and treating child abuse and neglect.

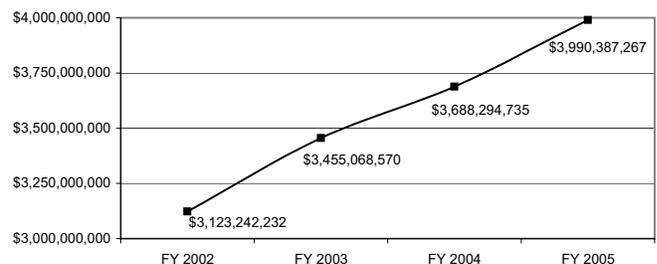
Among the savings achieved through a variety of efficiencies are: \$2.6 million by enrolling more developmentally disabled clients in Medicaid; \$2.4 million by emphasizing the constant updating of Medicaid eligibility records; and \$5 million over two years, by changing the service delivery of the Rare and Expensive Case Management program.

The Medicaid budget, expected to provide medical care to 636,000 in 2005, totals \$3.99 billion, an increase of \$302 million or 8%.

Expenditures



Maryland's Medicaid Spending has Increased \$867,145,035 (28%) since Fiscal Year 2002



POSITIONS: 8,250.2

BUDGET: 6.1 BILLION
25% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03	FY04	FY05	Change
	Actual	Appropriation	Allowance	FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	2,814.3	2,894.2	3,168.0	9.5%
Special Funds	305.6	290.3	241.8	-16.7%
Federal Funds	2,313.2	2,468.0	2,656.4	7.6%
Reimbursable Funds	16.2	15.7	19.5	24.2%
Total	5,449.2	5,668.2	6,085.6	7.4%
EXPENDITURES: (in millions of dollars)				
Medical Care Programs Administration (Medicaid)	3,455.1	3,688.3	3,990.4	8.2%
Community Health and Family Health Administration	286.1	260.6	270.3	3.7%
Mental Hygiene Administration	547.3	519.7	551.7	6.2%
Developmental Disabilities Administration	458.9	488.7	532.6	9.0%
State Psychiatric Hospitals and Regional Institutes	257.7	254.8	257.5	1.0%
State Residential Centrs for the Developmentally Disabled	65.6	64.5	69.9	8.5%
Alcohol and Drug Abuse Administration	124.0	127.8	135.8	6.3%
AIDS Administration	48.6	48.0	54.0	12.5%
Chronic Disease Hospitals	41.0	40.5	41.5	2.4%
All Others	165.0	175.5	181.9	3.7%
Total	5,449.2	5,668.2	6,085.6	7.4%
POSITIONS:				
Authorized	8,211.9	7,709.8	7,754.4	44.6
Contractual	357.4	486.8	495.8	9.0
Total	8,569.3	8,196.6	8,250.2	53.6

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005
	Actual	Estimated	Projected
Medicaid Enrollment	482,413	511,890	535,300
Children's Health Program:			
Children below or at 200% of Federal Poverty Level	108,621	92,830	91,980
Children between 200% to 300 % of Federal Poverty Level	4,580	6,130	6,420
WIC Food Program Recipients	99,368	99,000	101,000
Maryland Primary Care	8,083	8,000	8,000
Newborns Screened	70,528	70,000	70,000
Addictions Clients Served	51,751	53,514	53,973
Mental Hygiene Clients:			
Community-Based	89,837	93,800	98,050
State Hospital (average daily inpatients, includes domiciliary)	1,415	1,428	1,423
Developmental Disabilities Clients:			
Community-Based	21,458	22,434	23,433
State Institutions (average daily population)	421	402	392

Totals may not add due to rounding.

Maryland Higher Education Commission

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.

Governor Ehrlich's commitment to higher education is reflected in the FY 2005 allowance for the Maryland Higher Education Commission (MHEC). The budget totals \$342.8 million, an increase of 10.8% above the revised fiscal year 2004 appropriation.

Included in the allowance is \$15.9 million in additional funding for need-based student assistance. The Educational Excellence Awards (EEA) program, the State's primary need-based tuition and scholarship program, and the Part-Time Grant program total \$56.4 million in fiscal year 2005. The allowance also includes an additional \$1 million for a Loan Assistance Repayment Program for teachers and nurses. This is a deliberate effort to increase need-based assistance while containing growth in merit-based aid.

The Access and Success program and additional program funding for the Historically Black Colleges and Universities (HBCU) Enhancement Fund will total \$12 million. These programs are intended to raise graduation rates, provide operating enhancements, and fund debt service on \$75 million in capital projects at Maryland's four HBCUs. Additionally, \$1.2 million

has been included for HBCUs via the Private Donation Incentive Program and \$500,000 to implement revitalization recommendations at Coppin State College. These initiatives also address the State's partnership agreement with the U.S. Department of Education, Office for Civil Rights.

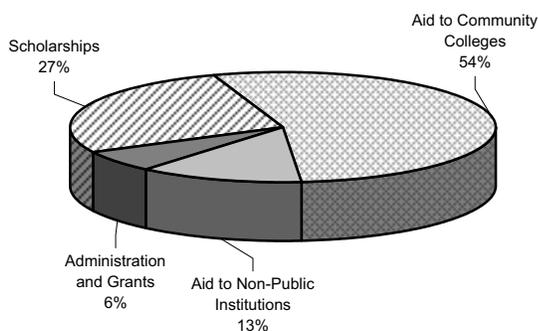
Governor Ehrlich has included an additional \$15.9 million in funding for need-based student assistance to increase access to Maryland higher education.

Direct aid to community colleges, excluding fringe benefits, totals \$158.7 million, an increase of 2.7 % in FY 2005. In addition, aid to community colleges fringe benefits totals \$25.3 million, including a catchup provision for prior-year

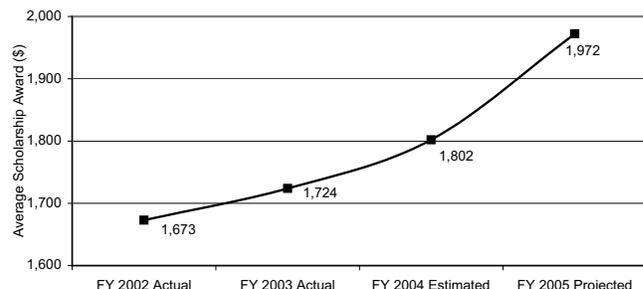
unfunded liabilities in optional retirements. While reflected at the mandated \$43 million level in the budget, legislation is proposed to preserve level State funding for aid to non-public colleges and universities, which totaled \$31.4 million in FY 2004. In the administration budget for FY 2005, agency expenditures remain level except for inflationary increases in health insurance and associated fringe benefits.

The Maryland Higher Education Commission uses 98% of its funding to provide financial assistance to students or higher education institutions.

Expenditures



Average Scholarship Award increases \$170 or 9.4% over the FY 2004 estimate



THREE YEAR SUMMARY	FY03	FY04	FY05	Change
	Actual	Appropriation	Allowance	FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	321.1	302.5	335.4	10.9%
Special Funds	10.9	2.9	3.6	24.1%
Federal Funds	2.0	3.5	3.6	2.8%
Reimbursable Funds	0.5	0.5	0.2	-57.5%
Total	334.5	309.4	342.8	10.8%
EXPENDITURES: (in millions of dollars)				
Administration and Grants	28.6	21.2	22.2	4.8%
Scholarships and Other Aid	90.2	81.8	93.4	14.2%
Aid to Community Colleges	173.1	174.9	184.1	5.2%
Aid to Non-Public Institutions	42.6	31.5	43.2	37.1%
Total	334.5	309.4	342.8	10.8%
POSITIONS:				
Authorized	80.6	74.6	74.6	0.0
Contractual	6.0	3.0	2.0	-1.0
Total	86.6	77.6	76.6	-1.0

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2005
	Actual	Estimated	Projected
Scholarships Awarded	45,645	42,543	45,399
Average Award (\$)	1,724	1,802	1,972
FTE Enrollment (funding basis):			
State-Operated Institutions			
(USM, MSU, SMCM and BCCC)	103,473	105,865	107,536
Community Colleges	72,243	76,720	79,357
Private Institutions	34,251	36,219	37,232

Totals may not add due to rounding.

Higher Education Institutions

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.

The Fiscal Year 2005 allowance for public higher education institutions totals \$3.45 billion, a \$125 million (3.8%) increase over the 2004 appropriation and includes funds from tuition, fees, contracts, grants and \$843 million in State support.

The allowance includes:

\$1 million to meet the basic start-up and first half-year operating needs of USM's new Hagerstown Regional Higher Education Center. \$100,000 to assist Coppin in the construction management and coordination of the planned facilities included in the State's Capital Improvement Plan.

In addition to their direct appropriation, public colleges and universities will receive specific grants from the Maryland Higher Education Commission, including:

\$12.5 million for the Historically Black Colleges and Universities (HBCUs). \$6 million for Access and Success grants and \$6 million for HBCU Enhancement grants. These grants are designed to meet HBCU special needs by developing and implementing "best practices" as well as to support the debt service on planned capital projects, especially at Coppin State College.

The capital budget includes over \$50 million to improve facilities at the state's HBCU's. The state will also provide an additional \$62 million in capital funding

over the next three years to complete the \$75 million capital funding commitment to Maryland's HBCUs.

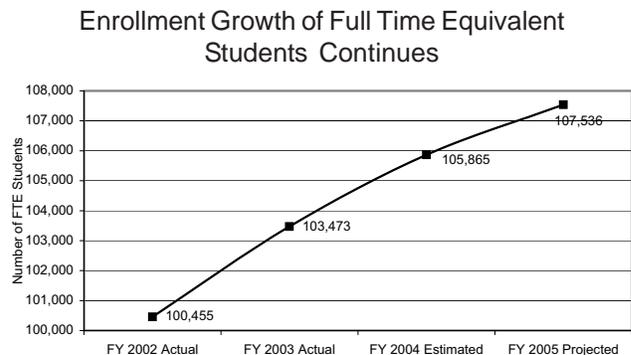
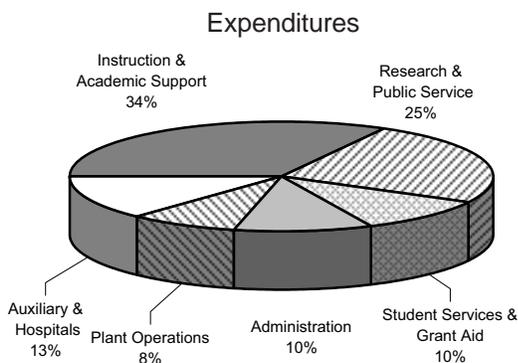
\$500,000 is budgeted for implementing some of the more pressing recommendations of the Toll Report on the revitalization of Coppin and its surrounding area.

MHEC's allowance provides \$158.7 million in direct aid to local community colleges, excluding fringe benefits, an increase of 2.7%. In addition, aid to community colleges fringe benefits totals \$25.3 million.

Community colleges and the University of Maryland System are working on programs that allow a student to achieve a bachelor degree without leaving a community college campus. This cooperation further illustrates Governor Ehrlich's and higher education's efforts to provide increased higher education access for all Marylanders.

Major capital projects include: \$56 million for UMCP's new Biological Sciences Research building, \$19 million added for UMB's Dental School.

The Administration is committed to improving and upgrading facilities at the State's higher education institutions. To this end, the capital budget includes \$194 million for public colleges and universities. Major projects include: \$56 million for UMCP's new Biological Sciences Research building, \$19 million added for UMB's Dental School, \$19 million for SMCM's new academic building and \$18 million for BSU's new Center for Business and Graduate Studies.



POSITIONS: 27,112

BUDGET: \$3.4 BILLION
14% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY 03 Actual	FY 04 Appropriation	FY 05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	895.7	837.5	843.4	0.7%
Other Current Unrestricted	1,460.7	1,606.6	1,704.8	6.1%
Subtotal Current Unrestricted	2,356.4	2,444.1	2,548.2	4.3%
Current Restricted	783.2	879.0	899.8	2.4%
Total	3,139.6	3,323.1	3,448.0	3.8%

EXPENDITURES: (in millions of dollars)

University System of Maryland

University of Maryland, Baltimore (UMB)	563.8	628.6	633.4	0.8%
University of Maryland, College Park (UMCP)	1,098.2	1,132.5	1,175.0	3.8%
Bowie State University (BSU)	66.4	70.0	72.3	3.3%
Towson University (TU)	239.0	246.7	259.2	5.1%
University of Maryland, Eastern Shore (UMES)	75.8	75.6	77.3	2.3%
Frostburg State University (FSU)	73.5	73.5	75.8	3.1%
Coppin State College (CSC)	53.5	53.9	56.5	4.9%
University of Baltimore (U of B)	65.8	69.3	72.6	4.8%
Salisbury University (SU)	90.0	92.6	95.4	2.9%
University of Maryland University College (UMUC)	181.7	214.5	240.1	11.9%
University of Maryland Baltimore County (UMBC)	276.9	292.9	304.5	3.9%
University of Maryland Ctr. for Environmental Science	34.0	34.0	34.0	0.0%
University of Maryland Biotechnology Institute (UMBI)	44.9	47.0	46.3	-1.5%
University System of Maryland Office (USMO)	13.9	15.2	16.2	6.6%
Subtotal University System of Maryland (USM)	2,877.3	3,046.3	3,158.6	3.7%

Other State Universities and Colleges

Morgan State University (MSU)	149.2	156.7	162.8	3.9%
St. Mary's College of Maryland (SMCM)	39.7	46.3	47.1	1.8%
Baltimore City Community College (BCCC)	73.4	73.8	79.5	7.6%
Total	3,139.6	3,323.1	3,448.0	3.8%

POSITIONS:

Authorized	21,203.7	20,966.2	20,966.2	0.0
Contractual	5,699.7	5,860.2	6,145.9	285.7
Total	26,903.3	26,826.4	27,112.0	285.7

PERFORMANCE MEASURES

	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
FTE Enrollment:			
University System of Maryland (Statewide)	89,130	90,893	92,183
Morgan State University	5,990	6,140	6,231
St. Mary's College of Maryland	1,836	1,886	1,890
Baltimore City Community College (credit & non credit)	6,517	6,946	7,232
Total	103,473	105,865	107,536

Department of Housing & Community Development

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 budget for the Department of Housing and Community Development totals \$241 million. DHCD's 2005 allowance increases by \$3.3 million (1.5%) over the 2004 appropriation, adjusting for the \$11.9 million increase in federal funds (primarily attributable to additional Section 8 funding from the U.S. Department of Housing and Urban Development). The allowance for DHCD continues Maryland's commitment to home ownership, affordable housing, community revitalization and the State's historic sites and traditions.

\$180 million or 75% of DHCD's budget is dedicated to the administration of several federal housing and revitalization grant programs, an increase of \$11.9 million or 7.1% over fiscal year 2004.

Significant housing program funding includes \$26 million for the Housing Loan programs (\$16 million State funds, \$10 million general obligation bonds), \$6 million bond funds for the Partnership Rental Housing Program, \$2 million State funds for the Maryland Affordable Housing Trust, \$1.7 million State funds for the Rental Allowance Program and \$1 million bond funds for the Shelter and Transitional Housing Program.

DHCD is aggressively expanding revenue generating activities in order to replace general fund expenditures with special funds. Excluding restoration of \$1.2 million to preserve the Rental Allowance Program,

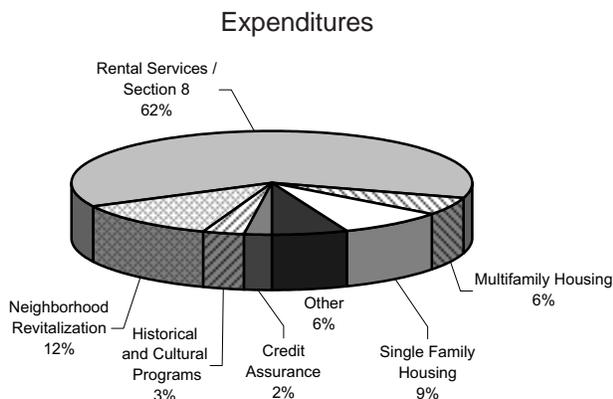
DHCD's 2005 general fund allowance was reduced by \$1.5 million.

\$180 million (75%) of DHCD's budget is dedicated to several federal housing and revitalization grant programs, an increase of \$11.9 million (7.1%) over fiscal year 2004

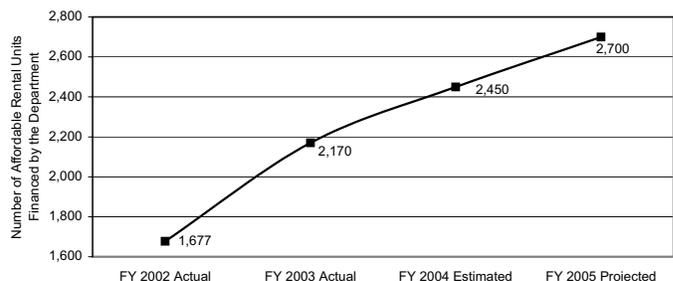
federal fund attainment. Among the largest federal grant programs are \$143 million for Section 8 housing assistance, \$11 million for the Community Development Block Grant Program, \$8 million for the Community Services Block Grant Program and \$7 million for the HOME Investment Partnerships Program.

An allowance of \$6 million for the Neighborhood Business Development Program provides State-funded small business loans for community-based revitalization. Additionally, the allowance includes \$5 million in bond funds for the Community Legacy Program, which provides flexible funding to support neighborhood revitalization.

The Division of Historical and Cultural Programs is essentially level funded at \$7.6 million, including \$900,000 for the Maryland Heritage Areas Grant Program.



DHCD's Commitment to Finance Multifamily Affordable Housing Continues to Increase



THREE YEAR SUMMARY	FY03 Actual	FY04 Appropriation	FY05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	28.5	9.6	9.3	-3.6%
Special Funds	46.7	47.3	50.4	6.7%
Federal Funds	141.8	168.4	180.3	7.1%
Reimbursable Funds	1.4	0.7	1.2	68.0%
Total	218.3	226.0	241.3	6.7%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	7.7	7.4	6.8	-7.5%
Division of Credit Assurance	5.1	5.4	5.4	0.0%
Division of Historical and Cultural Programs	10.0	7.7	7.6	-0.5%
Division of Neighborhood Revitalization	28.3	24.0	29.4	22.5%
Division of Development Finance	158.6	174.3	184.3	5.8%
Division of Information Technology	4.1	3.0	3.2	7.1%
Division of Finance and Administration	4.5	4.4	4.5	2.7%
Total	218.3	226.0	241.3	6.7%
POSITIONS:				
Authorized	402.1	392.9	392.9	0.0
Contractual	50.0	70.9	61.7	-9.2
Total	452.1	463.8	454.6	-9.1

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Active Single Family/Multifamily Bond-Financed Loans	19,074	17,500	18,250
Active Single Family/Multifamily State-Financed Loans	4,785	4,800	5,000
Active Neighborhood Business Development Loans	138	140	150
Number of Communities DHCD provided financial or technical assistance to help with revitalization	236	281	320
Number of Affordable Units in Rental Housing Projects going to initial closing	2,170	2,450	2,700
Number of Low and Moderate-Income Residents DHCD helped to purchase their homes	995	2,000	3,000
DHCD's (CDA) Bond Rating on June 30 of each year	Aa	Aa	Aa

Totals may not add due to rounding.

Department of Human Resources

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

The budget for the Department of Human Resources totals nearly \$1.6 billion, an increase of \$96.1 million (6.5%) over the 2004 level. The budget allowance for DHR will advance Governor Ehrlich's goals of economic independence and protection from abuse and neglect for children and adults in Maryland.

\$421.7 million is allocated for Assistance Payments, providing eligible Marylanders with funds to maintain a decent and safe level of health, nutrition and personal independence. Funding for Assistance Payments increases by \$49.0 million (13.1%) over the 2004 budget.

\$111.8 million is provided for subsidized Child Care.

In keeping with Governor Ehrlich's commitment to help needy Marylanders, \$451.9 million is allocated for child welfare services, an increase of \$51.1 million (12.7%) over the 2004 level. Local department funding for child welfare totals \$158.1, an increase of \$8.9 million. Enhanced funding of \$4.7 million is allocated for legal services for Children in Need of Assistance. \$254.2

million is included for Foster Care maintenance payments to provide services for children removed from their homes as a result of abuse or neglect, and for children placed in subsidized adoptions.

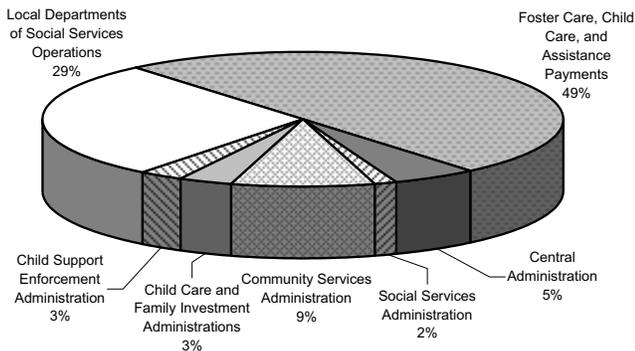
Fiscal year 2004 deficiency appropriations of \$36 million and \$4 million are being provided for the Foster Care program and additional costs associated with providing legal representation for children involved in Children in Need of Assistance and Termination of Parental Rights proceedings, respectively. In addition, a deficiency appropriation of \$400,000 is provided for the Burial Assistance program.

Major sources of federal funds, which comprise nearly 60% of the department's budget, are the Temporary Assistance for Needy

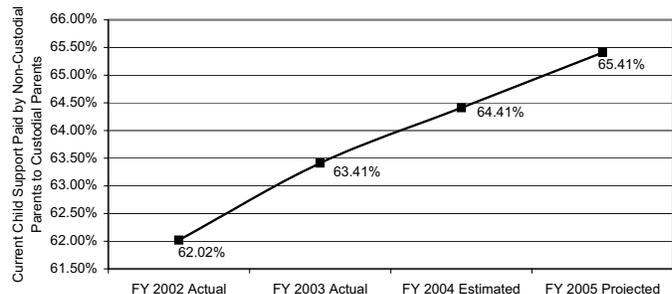
Families block grant, the Social Services Block Grant, Child Care Mandatory and Matching funds, Title IV-E matching funds for Foster Care, Title IV-D matching funds for Child Support Enforcement, and the Food Stamp program. Special funds are principally local government funds and child support collections.

In keeping with Governor Ehrlich's commitment to help needy Marylanders, the allowance provides \$451.9 million for child welfare services, an increase of \$51.1 million over the 2004 level.

Expenditures



Non-Custodial Parents are Increasingly Making Child Support Payments



POSITIONS: 7,510.2

BUDGET: \$1.6 BILLION
7% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03 Actual	FY04 Appropriation	FY05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	495.3	508.1	573.4	12.8%
Special Funds	88.5	82.1	65.6	-20.0%
Federal Funds	988.8	882.9	929.5	5.3%
Reimbursable Funds	9.6	9.9	10.6	7.0%
Total	1,582.3	1,483.0	1,579.1	6.5%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	11.8	12.8	11.9	-7.3%
Social Services Administration	31.8	25.1	25.9	3.0%
Community Services Administration	125.3	132.6	138.1	4.1%
Child Care Administration	41.6	29.1	25.2	-13.3%
Operations Office	18.6	18.9	20.6	9.2%
Office of Technology for Human Services	54.5	50.8	48.9	-3.7%
Local Department Operations	1,225.2	1,139.6	1,239.2	8.7%
Child Support Enforcement Administration	49.5	44.6	43.7	-2.1%
Family Investment Administration	24.0	29.5	25.7	-12.9%
Total	1,582.3	1,483.0	1,579.1	6.5%
POSITIONS:				
Authorized	7,397.8	7,381.1	7,375.1	-6.0
Contractual	73.3	148.0	135.1	-12.9
Total	7,471.1	7,529.1	7,510.2	-18.9

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Public Assistance Caseload (AFDC/TANF)	71,554	72,196	73,275
Child Care Slots Subsidized	31,049	27,465	26,725
Child Protection Investigations	32,894	32,750	32,750
Foster Care & Subsidized Adoption Average Caseload	15,592	16,000	16,000
Number of Children Adopted	900*	950	1,000
Percent of Current Child Support Paid	63%	64%	65%
Job Retention Rate of Temporary Cash Assistance Customers	74%	75%	75%

*estimated

Totals may not add due to rounding.

Department of Juvenile Services

Mission: The Department of Juvenile Services 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 budget for the Department of Juvenile Services (DJS) totals \$189.7 million, of which \$173.9 million is general funds. The operating budget increases \$12.4 million over the 2004 appropriation, to provide additional resources to implement Governor Ehrlich's commitment to reform the state's Juvenile Services programs. The allowance enables DJS to move towards providing enhanced treatment and a broader range of services to youths. Also, funding within the budget of the Department of Budget and Management provides a one-grade salary increase to direct care service workers in DJS, in an effort to improve recruitment and retention of staff.

Governor Ehrlich has directed DJS to focus on results-based solutions for reducing the rate at which youths return to DJS custody, after release. The budget for DJS provides significant funding for mental health and substance abuse services, both important investments in helping to reduce recidivism rates in the future. The budget allowance provides \$7.3 million total funding for these services, enabling DJS to expand the number of drug courts across the state and hire substance abuse and mental health counselors to address this critical need.

The budget for Residential Operations totals \$65.5 million, an increase of \$5.5 million (9%) over the 2004

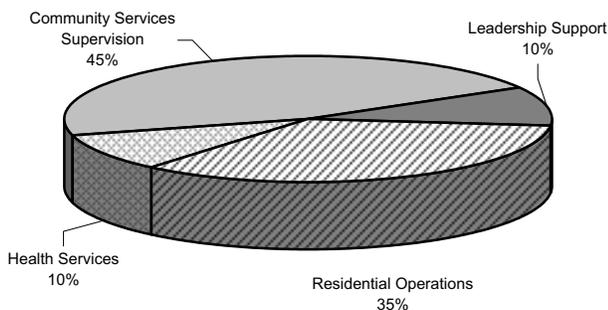
appropriation. The increase reflects the recent opening of three new regional detention centers, which will provide for improved living conditions and enhanced treatment services for youth. Additional funding is provided to improve staff to youth ratios and treatment services at the Charles H. Hickey Jr. School. The allowance also provides funding for a new state-owned and operated shelter care facility for young women, creating an alternative to detaining young women in a secure facility.

By 2005, 99% of detained youths who show signs of mental health needs will receive a formal mental health assessment.

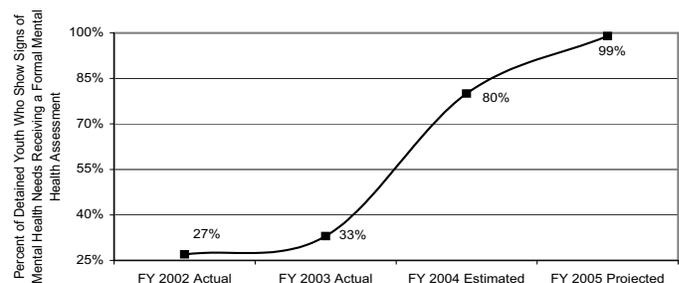
The department continues to seek to enhance detention alternatives for youths. The budget allowance reflects this priority by providing an additional \$1.4 million for two key programs. The department will open a day and evening reporting center in Baltimore

City and an evening reporting center in Prince George's County, which will provide educational services and character development programs for youth. The enhanced programming saves the state money by providing a lower cost and more effective alternative to secure detention. The budget allowance also includes an additional \$8.2 million for per-diem residential placements. A 2004 deficiency appropriation for \$4 million is also provided to fund these services.

Expenditures



More Detained Youths To Receive Mental Health Services



POSITIONS: 2,060.9

BUDGET: \$189.7 MILLION
1% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03 Actual	FY04 Appropriation	FY05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	158.9	160.9	173.9	8.1%
Special Funds	0.1	0.2	0.2	0.0%
Federal Funds	14.0	14.8	15.4	4.0%
Reimbursable Funds	3.2	1.4	0.1	-89.8%
Total	176.2	177.3	189.7	7.0%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	3.7	4.0	4.0	0.0%
Departmental Support	13.4	12.8	12.4	-3.2%
Professional Responsibility and Accountability	2.6	2.2	2.3	5.0%
Residential Operations	54.9	60.0	65.5	9.1%
Health Services Division	13.5	18.9	18.3	-3.0%
Community Services Supervision	88.2	79.3	87.2	9.9%
Total	176.2	177.3	189.7	7.0%
POSITIONS:				
Authorized	1996.2	1938.9	1985.9	47.0
Contractual	98.4	132.9	75.0	-57.9
Total	2094.6	2071.8	2060.9	-10.9

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Average Daily Population in Residential Programs	2,474	2,599	2,500
Number of Youth Under Informal Supervision	12,991	13,800	13,800
Number of Youth on Probation	6,309	7,500	7,500
Number of Youth on Aftercare	2,182	2,500	2,500
Percent of youth re-adjudicated within one year after release (Residential Facilities)	14.6%	14.0%	13.5%
Percent of youth with no new charges while on Community Detention/Electronic Monitoring	96%	97%	97%
Percent of detained youth who screen positive for drug use given formal substance abuse assessment	63%	80%	99%
Percent of detained youth who screen positive for mental health needs given formal mental health assessment	33%	80%	99%
Percent of youth admitted to a residential program receiving physical exam by a physician	71%	85%	99%

Totals may not add due to rounding.

Department of Labor, Licensing & Regulation

Mission: The Department of Labor, Licensing and Regulation is responsible for safeguarding and protecting Maryland citizens and supporting the economic stability of the State by providing businesses, the workforce, and consumers with high quality customer-focused regulatory, employment and training services

The budget for the Department of Labor, Licensing and Regulation totals \$180.9 million, an increase of \$2.3 million (1.3%) over the fiscal year 2004 working appropriation. The federal funds increase by \$3.8 million while other funds decrease by \$1.6 million. Since FY 2003, the department's general funds have decreased by 31.9% and have been replaced with special funds.

The department has been reorganized and has assumed oversight responsibilities for the Governor's Workforce Investment Board.

The allowance provides \$59.3 million for the reorganized Division of Workforce Development. The Unemployment Insurance programs have been separated from this division and will streamline the delivery of workforce development services.

The Unemployment Insurance Programs are now under the Division of Unemployment Insurance. The allowance provides \$59.9 million to support regional claim centers responsible for processing unemployment claims and the administration of the Unemployment Insurance Program.

The allowance provides \$4.9 million for the financial regulation of banks, credit unions, mortgage companies, and check cashing businesses. DLLR continues to assume additional responsibilities such as the regulation of Debt Management businesses passed in the 2003

General Assembly Session. The fiscal year 2005 budget proposes a one-grade increase for financial examiners in order to improve recruitment and retention. Funding is included in statewide employee compensation adjustments in the Department of Budget and Management.

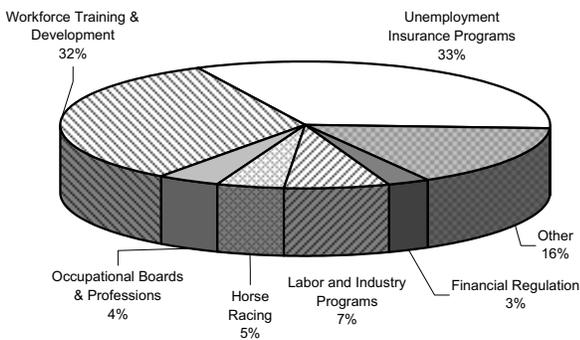
The department has assumed oversight responsibilities for the Governor's Workforce Investment Board. The Governor's Workforce

Investment Board's relocation into the Office of the Secretary will enhance DLLR's continued efforts in developing a comprehensive delivery system for Workforce Development services.

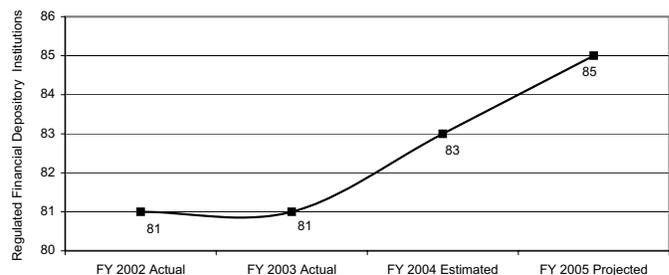
The budget proposes \$6 million as a general fund deficiency expected from the Securities Exchange Commission settlement with investment brokerage firms. This payment will resolve a long-standing federal audit finding.

The allowance provides \$12.7 million for the Division of Labor and Industry. As a result of 2003 legislation, the Railroad Safety and Health, Safety Inspection and Occupational Safety and Health programs will be funded with \$7.3 million in special funds instead of general funds.

Expenditures



Financial Depository Institutions Regulated by DLLR



POSITIONS: 1,680.6

BUDGET: \$180.9 MILLION
1% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03 Actual	FY04 Appropriation	FY05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	29.1	18.8	18.4	-1.9%
Special Funds	12.4	20.4	20.1	-1.5%
Federal Funds	142.4	135.7	139.6	2.9%
Reimbursable Funds	2.4	3.7	2.8	-24.8%
Total	186.3	178.6	180.9	1.3%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	11.7	10.8	10.7	-1.1%
Division of Administration	15.7	17.0	17.6	3.5%
Division of Financial Regulation	4.8	4.6	4.9	6.2%
Division of Labor and Industry	11.2	12.0	12.7	5.9%
Division of Racing	10.8	10.5	8.2	-21.7%
Division of Occupational and Professional Licensing	7.4	7.3	7.6	4.0%
Division of Workforce Development	76.5	77.1	59.3	-23.0%
Division of Unemployment Insurance	48.3	39.4	59.9	52.2%
Total	186.3	178.6	180.9	1.3%
POSITIONS:				
Authorized	1,627.0	1,519.1	1,502.1	-17.0
Contractual	113.7	159.3	178.6	19.3
Total	1,740.7	1,678.3	1,680.6	2.3

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Number of Fatal Railway Accidents	10	11	8
Number of Railroad Accident Injuries	7	17	10
Amusement Ride Safety Violations Corrected	1,954	2,000	2,100
Pressure Vessels Safety Violations Corrected	2,199	3,250	3,750
Elevator Safety Violations Corrected	8,970	7,250	8,025
Serious Incidents — Amusement Rides	12	12	12
Serious Incidents — Boilers and Pressure Vessels	3	6	8
Serious Incidents — Elevator	40	35	35
Licensing Complaints Received	3,449	3,525	3,525
Licensing Complaint Resolution Time (average in days)	126	126	126
Regulated Depository Institutions	81	83	85
Regulated Non-depository Institutions	6,181	6,181	6,181

Totals may not add due to rounding.

Department of Natural Resources

Mission: The Department of Natural Resources preserves, protects, enhances and restores Maryland's natural resources for the wise use and enjoyment of all citizens.

The budget for the Department of Natural Resources totals \$243.4 million. Adjusted for capital appropriations, the operating budget for DNR has increased by \$375,000 (0.2%) from the fiscal year 2004 appropriation, mainly due to increased special funds. The allowance continues Maryland's commitment to maintaining and enhancing the natural and living resources that are vital to the restoration of the Chesapeake Bay.

In 2005, DNR will continue to pursue Governor Ehrlich's land preservation policy, focusing on parcels that will contribute to the restoration of the Chesapeake Bay. The allowance includes \$52.2 million for public lands activities, including \$39.1 million for the operations of the State Forest and Park Service, \$5.9 million for planning and construction programs, and \$5.3 million for the operations of land acquisition and waterway improvement programs. In addition, local land acquisition through Program Open Space will be funded at \$15.0 million.

The Natural Resources Police are funded at \$28.7 million to continue providing enforcement of laws that protect natural resources, including conservation and boating laws, and to provide search and rescue capabilities in State waters and remote areas.

The allowances for DNR's Chesapeake Bay Restoration and monitoring programs total \$34.4 million, of which \$18.1 million is for the Resource Assessment Service, \$2.0 million is for the Chesapeake and Atlantic Bays Critical Areas Commission, and \$14.3 million is for the Watershed Services group. The Watershed Services unit was created in 2004 by merging the activities of two Chesapeake Bay program groups and continues

DNR's watershed-based approach to restoration of the Chesapeake Bay and its tributaries, including enhanced emphasis on restoring submerged aquatic vegetation.

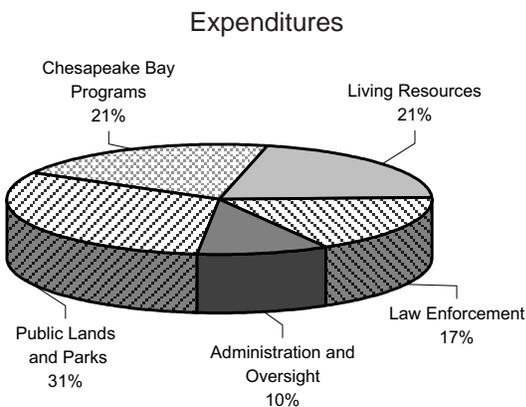
The operations of DNR's living resources units are funded at \$34.3 million. Of this total, the

Fisheries Service will receive \$15.9 million, including continued funding for recovering stocks of oysters and blue crabs.

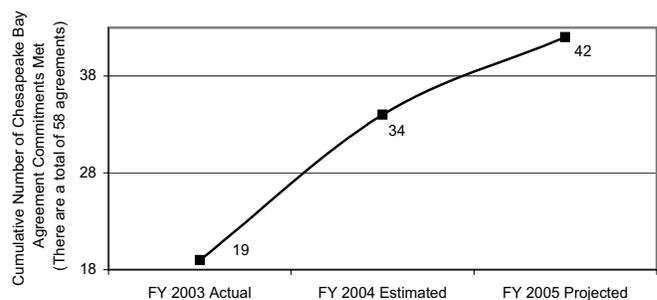
The budget also provides \$2.3 million to continue replacement of very old and very high mileage vehicles in DNR's fleet and to continue progress toward a six-year fleet replacement cycle.

In 2005, DNR expects to collect \$68.4 million in special funds and anticipates receiving \$23.4 million in federal funds to support its operations. Capital programs will receive additional special and federal fund support.

Governor Ehrlich's land preservation policy focuses on parcels that will significantly contribute to the restoration of the Chesapeake Bay



DNR is Progressing Toward Meeting the Chesapeake Bay Agreement Commitments



POSITIONS: 1,884.5

BUDGET: \$243.4 MILLION
1% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03 Actual	FY04 Appropriation	FY05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	78.8	70.8	68.6	-3.1%
Special Funds	109.9	75.3	143.3	90.4%
Federal Funds	24.7	27.2	25.9	-4.9%
Reimbursable Funds	7.2	6.3	5.6	-11.4%
Total	220.6	179.6	243.4	35.5%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	11.2	12.1	12.6	3.6%
Forestry Service	9.1	9.0	9.3	3.8%
Wildlife and Heritage Service	10.2	8.2	9.1	11.4%
State Forest and Park Service	42.4	39.8	39.1	-1.5%
Capital Grants and Loan Administration	54.8	18.3	81.8	348.3%
Licensing and Registration Service	3.6	3.6	3.8	6.7%
Natural Resources Police	27.8	26.8	28.7	7.0%
Resource Planning	1.6	1.7	1.6	-0.4%
Engineering and Construction	4.7	5.4	5.3	-2.2%
Chesapeake Bay Critical Areas	1.9	2.0	2.0	0.0%
Resource Assessment Service	17.1	17.9	18.1	0.9%
Maryland Environmental Trust	0.7	1.4	1.7	22.5%
Watershed Services	18.6	17.2	14.3	-17.0%
Fisheries Service	16.7	16.3	15.9	-2.5%
Total	220.6	179.6	243.4	35.5%
POSITIONS:				
Authorized	1,490.0	1,454.0	1,446.0	-8.0
Contractual	377.5	480.0	438.5	-41.5
Total	1,867.5	1,934.0	1,884.5	-49.5

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Day Use Park Visitors	9,446,652	9,923,141	10,121,603
Vessels Registered	102,100	104,200	106,300
Commercial Fishing Licenses	7,313	7,450	7,530
Sport Fishing Licenses	606,000	618,200	636,300
Sport Hunting Licenses	260,300	265,500	273,500
Miles of Riparian Forest Buffers Restored	172	300	300
Acres of Wetlands Restored	465	1,000	400

Totals may not add due to rounding.

Department of Planning

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 budget for the Maryland Department of Planning (MDP) totals \$9.1 million, an increase of \$495,000 (5.7%) over the fiscal year 2004 appropriation. This funding level reflects the department's lead role in developing and executing Governor Ehrlich's "Priority Places" strategy, a refocused state policy for land use and investment.

MDP provides modeling and planning analyses for government agencies to evaluate land use policies and identify solutions to protect the State's natural, agricultural, and water resources including the Chesapeake Bay.

MDP provides modeling and planning analyses to identify solutions to protect the State's natural resources including the Chesapeake Bay.

The statutory mandates of the Office for Smart Growth (OSG) and MDP are extremely similar. In order to gain a better coordination of efforts, increased efficiencies, budgetary savings, and a stronger, more focused staff commitment to fulfilling both mandates, the 2005 budget merges OSG into MDP. This transfer accounts for \$347,000 (70%) of MDP's 2005 increase.

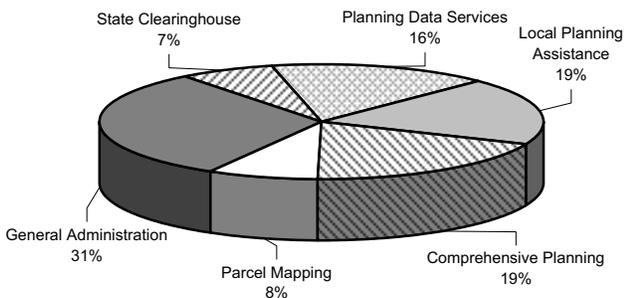
The allowance provides \$1.7 million for Local Planning Assistance, an increase of 8.6% over 2004. Local Planning Assistance provides technical assistance to local governments in the areas of land use planning, zoning,

and urban design. This funding will help local governments in the rural areas of Maryland develop long-term comprehensive plans and zoning ordinances that will help achieve the best public return on existing State and local government investments.

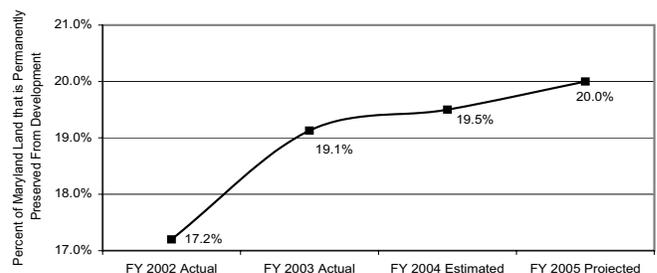
The allowance also includes \$2.2 million for planning data services and parcel mapping. Planning data services develops and maintains socioeconomic, demographic, cultural, geographic, land use, and property data in Maryland in support of Priority Places, neighborhood revitalization and land preservation activities. This data is provided free of charge to Maryland's citizens on-line via the Maryland State Data Center. The parcel mapping division combines this data with the digital property maps to create *Md Propertyview*, a high level Geographic Information System (GIS) tool. Sales of *Md Propertyview*, and MDP's newest GIS product, *Maryland Property Map*, are expected to generate \$325,000 to the department in fiscal year 2005.

Over 90% of MDP's budget supports the personnel costs of the department's 124 authorized positions.

Expenditures



Twenty Percent of Maryland is Permanently Preserved From Development



POSITIONS: 126.5

BUDGET: \$9.1 MILLION
 LESS THAN 1% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03 Actual	FY04 Appropriation	FY05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	8.0	7.4	7.8	5.2%
Special Funds	0.2	0.2	0.3	45.1%
Federal Funds	0.2	0.0	0.0	0.0%
Reimbursable Funds	1.4	1.0	1.0	0.0%
Total	9.7	8.6	9.1	5.7%
EXPENDITURES: (in millions of dollars)				
Data Services	1.4	1.6	1.5	-8.6%
Comprehensive Planning	2.0	1.8	1.7	-2.2%
Local Planning Assistance	2.0	1.6	1.7	8.6%
Parcel Mapping	0.8	0.6	0.7	13.4%
Clearinghouse	0.6	0.5	0.6	14.2%
Administration	2.9	2.5	2.8	15.0%
Total	9.7	8.6	9.1	5.7%
POSITIONS:				
Authorized	129.0	120.0	124.0	4.0
Contractual	10.0	8.0	2.5	-5.5
Total	139.0	128.0	126.5	-1.5

PERFORMANCE MEASURES

	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Percentage of Approved Improvements to Existing			
Public Schools (rather than new construction)	98%	98%	98%
Number of Parcel Records Processed and Included on Each			
Maryland Propertyview Edition Update (thousands)	2,104	2,124	2,144
Number of Comprehensive Plans and Ordinances Written			
for Local Governments	8	8	8
Number of Local Plans Analyzed and Commented On	25	20	20
Number of Analyses Where Technical Assistance			
related to Smart Growth Was Completed	30	25	27

Totals may not add due to rounding.

Department of Public Safety & Correctional Services

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 budget for the Department of Public Safety and Correctional Services (DPSCS) totals \$942 million, of which \$803 million is general funds. The operating budget for DPSCS shows an increase of \$26 million (2.9%) over the 2004 appropriation and includes the effect of adding 30 new positions. The allowance for DPSCS continues Maryland's commitment to protecting communities and providing a safe environment for correctional staff and inmates within institutions.

Governor Ehrlich's top priority for DPSCS is to enhance its correctional emphasis by including treatment and rehabilitation of its prisoners.

The department will institute Project RESTART with a \$9.2 million allowance to support this effort. Project RESTART will decrease the number of returning offenders and lower recidivism. Out of concern that inmates who were not receiving treatment services would most likely commit additional crimes once released, Project RESTART emerges to mitigate a current recidivism rate that is more than 51%. It will assess inmates' treatment needs to make them ready to reenter society with employment and job skills.

The Division of Corrections' budget, which operates all correctional institutions, totals \$586 million with

an additional \$18 million to construct new housing units at the North Branch Correctional Institution in Cumberland and \$15 million to improve and expand the Baltimore County Detention Center.

The department will continue the community-oriented program Collaborative Supervision & Focused Enforcement (CSAFE), with a \$5 million allowance to reduce violent crime and recidivism rates in local communities.

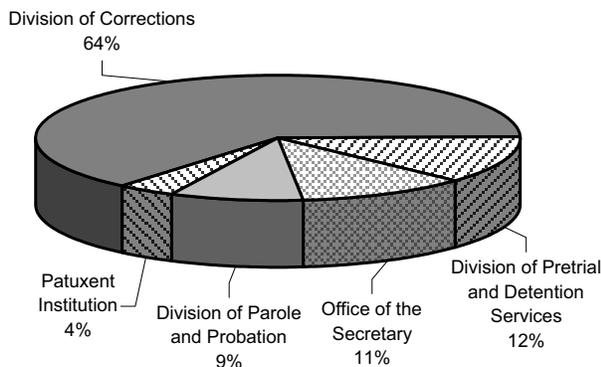
The department will receive \$1.9 million to fund substance abuse efforts. These funds will be used in part to target treatment types for inmates and

to fund additional therapeutic communities meant to counsel and resolve habitual addiction. Community resources will also be introduced to inmates with the goal of having support services available to inmates upon release and return to their communities.

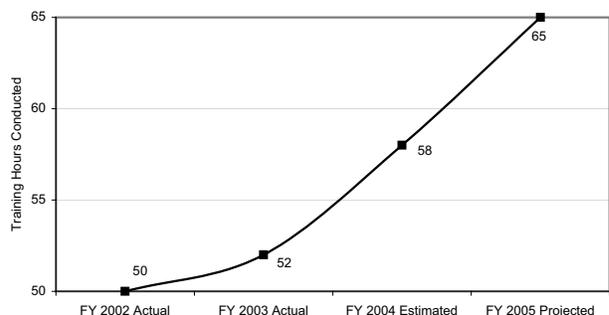
The Public Safety Education and Training Center, scheduled to open in FY 2005, will supplement existing training services for all police and correctional agencies. The new facility consists of classrooms, a driver-training course for police officers, a Firearms Training Facility, and dormitories for housing attendees.

The department will institute Project RESTART to decrease the number of returning offenders and lower recidivism.

Expenditures



Correctional Officers are Receiving Increased Training



POSITIONS: 11,738.1

BUDGET: \$942.1 MILLION

4% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03 Actual	FY04 Appropriation	FY05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	779.7	777.4	803.3	3.3%
Special Funds	110.2	112.5	121.6	8.1%
Federal Funds	9.0	8.4	7.3	-13.3%
Reimbursable Funds	10.8	17.7	9.9	-43.9%
Total	909.7	915.9	942.1	2.9%
EXPENDITURES: (in millions of dollars)				
Office of the Secretary	86.8	96.3	102.8	6.8%
Division of Correction Headquarters	25.4	29.9	30.1	0.4%
Jessup Region	99.0	93.1	95.3	2.3%
Baltimore Region	101.7	96.6	98.7	2.2%
Hagerstown Region	126.3	128.1	127.7	-0.4%
Women's Facilities	22.6	23.0	24.3	5.6%
Maryland Correctional Pre-Release System	55.5	52.1	53.5	2.7%
Eastern Shore Region	71.6	70.3	72.1	2.7%
Western Maryland Region	42.6	44.0	45.1	2.6%
State Use Industries	38.5	38.1	39.4	3.5%
Maryland Parole Commission	4.0	4.2	4.5	8.1%
Division of Parole and Probation	77.6	83.9	83.6	-0.3%
Patuxent Institution	34.0	34.3	34.9	1.9%
Inmate Grievance Office	0.6	0.6	0.6	0.0%
Police and Correctional Training Commissions	5.4	6.8	8.0	17.7%
Criminal Injuries Compensation Board	5.2	6.0	6.0	0.0%
Maryland Commission on Correctional Standards	0.4	0.5	0.5	0.0%
Division of Pretrial and Detention Services	112.3	108.2	115.0	6.3%
Total	909.7	915.9	942.1	2.9%
POSITIONS:				
Authorized	11,562.5	11,231.0	11,261.0	30.0
Contractual	280.9	480.0	477.1	-2.9
Total	11,843.4	11,711.0	11,738.1	27.1

PERFORMANCE MEASURES

	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Average Daily Population:			
Correctional Institutions	27,633	28,350	28,350
Active Cases under Supervision:			
Parole and Probation	50,359	50,551	51,051
Correctional Options:			
Intensive Parole/Probation	1,633	1,682	1,732
Boot Camp	350	400	400
Home Detention	307	402	402
Arrestees Processed through Central Booking	92,822	101,000	101,000

Totals may not add due to rounding.

Department of State Police

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 multidimensional 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's operating budget grows by \$1.1 million (.5%) after netting out federal funds and grant programs transferred to another agency.

In March of 2003, the Department of State Police (DSP) was reorganized to face current issues in law enforcement and public safety. The Department's new organization includes a Homeland Security and Intelligence Bureau. The goal of the reorganization was to focus the Department of State Police's resources and efforts on department technology, crime reduction, drug interdiction, and provide support to local agencies.

\$72.4 million (27%) of DSP's budget goes directly to local governments in Maryland: \$62.4 million for local police departments, a \$1.35 million increase over the fiscal year 2004 appropriation, and \$10 million for local fire and rescue services.

The largest component of the department's operating budget is the Operations Bureau, which is \$109 million

and consists of 1,497 positions. This Bureau contains the Aviation Division, Special Enforcement Division and all of the Department of State Police's 23 barracks.

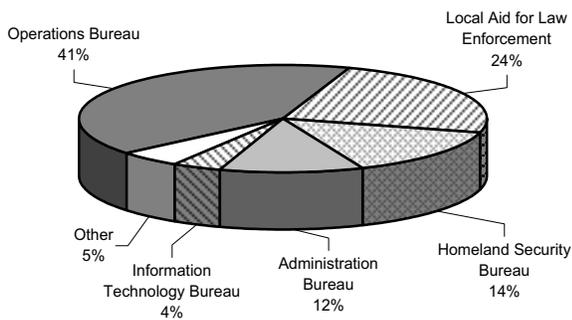
The department transferred \$12.5 million in grants to the Governor's Office of Crime, Control and Prevention for violent crime prevention, gun law enforcement and other targeted programs.

The Department of State Police also includes the Fire Prevention Commission and State Fire Marshal. These operating budgets total \$5.9 million, a \$551,488 increase from the fiscal year 2004 appropriation. Much of the increase in the State Fire Marshal's budget is for expansion of the department's bomb squad unit.

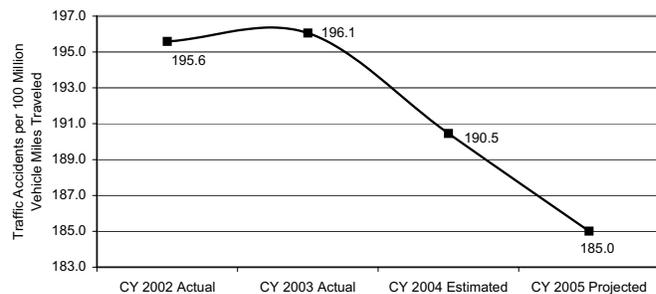
The fiscal year 2005 budget of DSP totals \$272.2 million, a reduction of 9.1% from the fiscal year 2004 appropriation. The decline is largely attributable to federal funding, which has not yet been secured for fiscal year 2005, and the transfer of discretionary local law enforcement grants.

\$72.4 million of the department of State Police's budget, 27%, is aid for local police and fire agencies.

Expenditures



Traffic Accidents are Declining



POSITIONS: 2,537.6

BUDGET: \$272.2 MILLION
1% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03 Actual	FY04 Appropriation	FY05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
General Funds	139.9	223.3	212.5	-4.9%
Special Funds	55.6	59.2	59.2	0.0%
Federal Funds	91.5	16.3	0.0	-100.0%
Reimbursable Funds	1.2	0.5	0.5	0.0%
Total	288.2	299.4	272.2	-9.1%
EXPENDITURES: (in millions of dollars)				
State Police	272.8	284.0	256.3	-9.8%
Fire Prevention Commission and Fire Marshal	15.4	15.4	15.9	3.6%
Total	288.2	299.4	272.2	-9.1%
POSITIONS:				
Authorized	2,574.5	2,479.5	2,490.5	11.0
Contractual	32.0	58.8	47.1	-11.8
Total	2,606.5	2,538.3	2,537.6	-0.8

PERFORMANCE MEASURES	2003 Actual	2004 Estimated	2005 Projected
Traffic Safety:			
Traffic Fatality Rate	1.224	1.193	1.161
Traffic Accident Rate	196.0	190.4	185.0
Alcohol-Related Fatality Rate	.447	.430	.412
Motor Vehicle Citations	341,032	500,000	525,000
Commercial Vehicle Inspections	73,387	66,000	70,000
Crime Reduction:			
Part 1 Crime Rate	4,800	4,730	4,662
Domestic Violence Crime Rate	346.6	341.6	336.6
Firearm Homicide Rate	6.49	6.39	6.30
Vehicle Theft Rate	820	808	796
Aviation Flights:			
Medical Transport	6,765	6,170	6,460
Search and Rescue	432	365	390
Law Enforcement	873	897	860
Number of Helicopter Operations Flights	8,070	7,432	7,710

* Performance Measures are expressed in calendar years.

Totals may not add due to rounding.

Department of Transportation

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 operating budget for the Department of Transportation has increased \$143 million to \$1.791 billion while the capital budget has declined \$243 million to \$1.45 billion. The department's budget totals \$3.33 billion.

While the revenues to the Transportation Trust Fund have remained strong, despite the economic downturn, the capacity to meet capital needs has diminished. During 2003, Governor Ehrlich appointed the Transportation Task Force (Hellmann Commission). The task force noted several revenue options in which the Transportation Trust Fund could be replenished.

The fiscal year 2005 budget commences the replenishment process by using \$25 million in new funds for the Transportation Trust Fund.

The State Highway capital budget includes funds for the Woodrow Wilson Bridge, Baltimore Beltway improvements and the Intercounty Connector.

The budget includes:

\$5.3 million in Mass Transit Administration to provide expanded mobility services for citizens with disabilities.

\$11.8 million in additional operating costs for the Maryland Aviation Administration for operations for new parking facilities and terminal expansion.

\$252 million in additional support for the Washington Metropolitan Area Transit, which supports Metrobus and

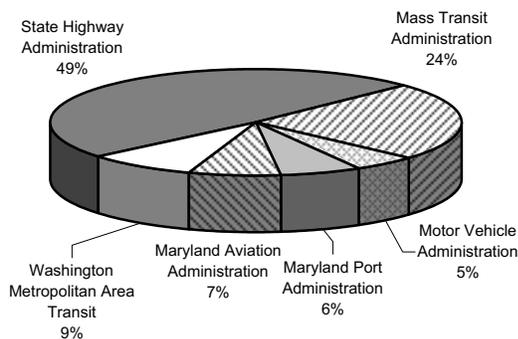
Metrorail services for Maryland residents.

\$382 million in Transportation Trust Funds for distribution to the local jurisdictions and municipalities, an increase of \$16 million. These funds support highway projects within the local jurisdictions.

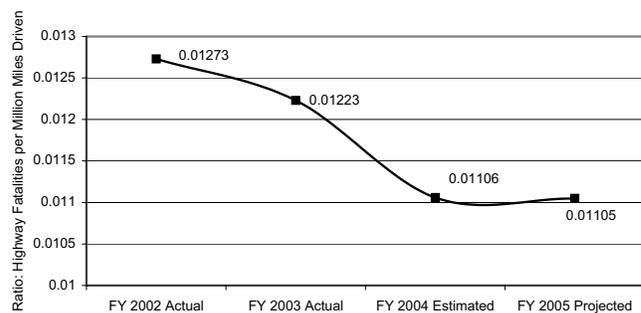
\$4.4 million for a new Motor Vehicles Administration branch office in Montgomery County and \$3.4 million for a driver licensing point-of-sale system within the capital budget to improve customer service for vehicle transactions.

Governor Ehrlich is beginning to replenish the Transportation Trust Fund. The budget provides \$25 million for the Transportation Trust Fund.

Expenditures



Highway Fatalities per Million Miles Driven (ratio)



POSITIONS: 9,306.4

BUDGET: \$3.2 BILLION
13% OF THE STATE BUDGET

THREE YEAR SUMMARY	FY03 Actual	FY04 Appropriation	FY05 Allowance	Change FY04-05
APPROPRIATIONS: (in millions of dollars)				
Special Funds	2,418.6	2,501.0	2,494.3	-0.1%
Federal Funds	711.0	837.7	736.3	-12.1%
Reimbursable Funds	2.5	0.7	0.0	-100.0%
Total	3,132.1	3,339.3	3,230.6	-3.3%
EXPENDITURES: (in millions of dollars)				
The Secretary's Office	368.7	431.6	347.5	-19.5%
Debt Service Requirements	130.3	143.6	178.0	24.0%
State Highway Administration	1,493.1	1,514.7	1,443.7	-4.7%
Maryland Port Administration	158.6	185.3	190.2	2.6%
Motor Vehicle Administration	139.1	149.8	144.0	-3.9%
Mass Transit Administration	632.6	700.4	709.8	1.4%
State Aviation Administration	209.8	213.9	217.3	1.6%
Total	3,132.1	3,339.3	3,230.6	-3.3%
POSITIONS:				
Authorized	9,318.5	9,095.5	9,134.5	39.0
Contractual	121.9	175.9	171.9	-4.0
Total	9,440.4	9,271.4	9,306.4	35.0

PERFORMANCE MEASURES	FY 2003 Actual	FY 2004 Estimated	FY 2005 Projected
Vehicle Titles/Registrations (millions)	4.7	5.0	5.3
MVA Walk-in Transactions (millions)	8.8	9.0	9.1
MVA Alternative Service Delivery Transactions (millions)	5.6	6.0	6.6
Bus Passenger Trips (millions)	66.7	64.4	65.2
Baltimore Heavy Rail Passenger Trips (millions)	13.2	13.0	13.3
Light Rail Passenger Trips (millions)	7.4	7.1	7.4
Commuter Rail Passenger Trips (millions)	6.3	6.1	6.4
BWI Airport Passengers Per Calendar Year (millions)	19.5	20.5	22.5
Port Tonnage (millions)	2.8	2.9	2.9
Percentage of Roadway with Acceptable Ride Quality	83%	83%	83%

Totals may not add due to rounding.

Independent Agencies

OFFICE OF ADMINISTRATIVE HEARINGS

The Office of Administrative Hearings (OAH) conducts independent, impartial administrative hearings in contested cases involving the actions of state agencies. OAH expects to complete a study of the actual case hours required to conduct a hearing by an Administrative Law Judge for all major case types. The fiscal year 2005 budget proposes a one-grade increase for administrative law judges. This increase in compensation will help Maryland recruit and retain judges. Funding is included in statewide employee compensation adjustments in the Department of Budget and Management.

	<u>\$ thousands</u>
Special Funds	6
Reimbursable	<u>10,888</u>
	10,894
Change from '04	143
	1.3%
	<u>Positions</u>
Authorized	126.0
Change from '04	0.0

DEPARTMENT OF AGING

The Department of Aging, in partnership with local Area Agencies on Aging, identifies the needs of the state's elderly and ensures those needs are met through a network of accessible services. Services provided by the Department of Aging include: funding for senior centers, home-delivered and congregate meals, ombudsman advocates for residents of long-term care facilities, in-home assistance services, subsidized assisted-living care, and public guardianship.

	<u>\$ thousands</u>
General Funds	20,637
Special Funds	258
Federal Funds	<u>25,575</u>
	46,470
Change from '04	-831
	-1.8%
	<u>Positions</u>
Authorized	56.0
Contractual	<u>7.0</u>
	63.0
Change from '04	0.0

STATE ARCHIVES

The State Archives collects and maintains state records of permanent value. In addition, it is responsible for state-owned art collections, including the Peabody and Annapolis collections.

	<u>\$ thousands</u>
General Funds	2,450
Special Funds	<u>7,976</u>
	10,427
Change from '04	-405
	-3.7%
	<u>Positions</u>
Authorized	44.5
Contractual	<u>43.0</u>
	87.5
Change from '04	5.3

DEPARTMENT OF ASSESSMENTS AND TAXATION

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. In order to address increasing workloads and critically low staffing levels, the fiscal year 2005 budget proposes a one-grade salary increase for assessors. This action will improve the department's ability to recruit quality applicants and retain its most experienced assessors. Funding is included in statewide employee compensation adjustments in the Department of Budget and Management.

	<u>\$ thousands</u>
General Funds	87,854
Special Funds	<u>3,324</u>
	91,178
Change from '04	11,262
	14.1%
	<u>Positions</u>
Authorized	695.5
Change from '04	0.0

Totals may not add due to rounding.

MARYLAND AUTOMOBILE INSURANCE FUND

The Maryland Automobile Insurance Fund (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 2004.

	<u>\$ thousands</u>
Non-budgeted	49,563
Change from '03	658
	1.3%

CANAL PLACE PRESERVATION & 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.

	<u>\$ thousands</u>
General Funds	251
Special Funds	<u>196</u>
	446
Change from '04	45
	11.2%
	<u>Positions</u>
Authorized	4.0
Change from '04	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, the Family Violence Council and the State Commission on Infant Mortality.

	<u>\$ thousands</u>
General Funds	4,165
Special Funds	429
Federal Funds	381
Reimbursable	<u>746</u>
	5,721
Change from '04	220
	4.0%
	<u>Positions</u>
Authorized	50.0
Contractual	8.5
	58.5
Change from '04	-5.5

STATE BOARD OF CONTRACT APPEALS

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

	<u>\$ thousands</u>
General Funds	524
Change from '04	30
	6.0%
	<u>Positions</u>
Authorized	5.0
Change from '04	0.0

OFFICE OF THE DEAF AND HARD OF HEARING

This agency develops policies and programs that promote the general welfare of deaf and hard of hearing individuals by ensuring access to safety and emergency services, increasing awareness of emergency preparedness needs, and serving as a state-wide resource for information of concern to individuals who are deaf or hard of hearing. An advisory council assists the office in its mission and is comprised of 16 individuals selected from the general public and State agencies, a number of whom are deaf or hard of hearing.

Totals may not add due to rounding.

	<u>\$ thousands</u>
General Funds	227
Change from '04	4
	1.8%
	<u>Positions</u>
Authorized	2.0
Change from '04	0.0

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	21,850
Special Funds	183
Federal Funds	935
Reimbursable	<u>1,140</u>
	24,108
Change from '04	996
	4.3%
	<u>Positions</u>
Authorized	316.5
Contractual	<u>61.5</u>
	378.0
Change from '04	0.0

STATE BOARD OF ELECTIONS

The State Board of Elections exercises supervision over the conduct of elections by local Boards of Supervisors of Elections. In fiscal year 2005 the State Board of Elections will receive \$8.3 million in federal funds to help defray the costs of implementing a statewide Direct Recording Electronic Voting System.

	<u>\$ thousands</u>
General Funds	5,959
Special Funds	2,285
Federal Funds	<u>8,270</u>
	16,514
Change from '04	6,380
	63.0%
	<u>Positions</u>
Authorized	29.5
Contractual	<u>9.0</u>
	38.5
Change from '04	5.0

MARYLAND INSTITUTE FOR EMERGENCY MEDICAL SERVICES SYSTEMS

The Maryland Institute for Emergency Medical Services Systems (MEIMSS) 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 continues the \$200,000 enhancement for a second year 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	10,704
Federal Funds	<u>300</u>
	11,004
Change from '04	-751
	-6.4%
	<u>Positions</u>
Authorized	92.6
Contractual	<u>9.3</u>
	101.9
Change from '04	1.2

MARYLAND ENERGY ADMINISTRATION

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

	<u>\$ thousands</u>
General Funds	396
Special Funds	4,340
Federal Funds	866
Reimbursable	<u>103</u>
	5,706
Change from '04	1,432
	33.5%
	<u>Positions</u>
Authorized	20.0
Change from '04	-2.0

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	72,272
Change from '04	-22,727
	-23.9%
	<u>Positions</u>
Authorized	585.5
Change from '04	0.0

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 funds for Local Law Enforcement Grants are included in the Office of Crime Control and Prevention. It also 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	23,550
Special Funds	2,037
Federal Funds	20,019
Reimbursable	<u>603</u>
	46,209
Change from '04	-1,526
	-3.2%
	<u>Positions</u>
Authorized	81.0
Contractual	<u>16.5</u>
	97.5
Change from '04	-2.9

MARYLAND FOOD CENTER AUTHORITY

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

	<u>\$ thousands</u>
Non-budgeted	2,935
Change from '04	39
	1.3%
	<u>Positions</u>
Authorized	29.0
Change from '04	0.0

HIGHER EDUCATION LABOR RELATIONS BOARD

The board's role is to oversee collective bargaining for state institutions of higher education. It investigates and takes appropriate action in response to complaints of unfair labor practices and lockouts, investigates possible violations of collective bargaining and any other relevant matters, holds hearings to resolve any issues or complaints arising under collective bargaining activities, and conducts elections of exclusive representatives for eligible collective bargaining employees.

	<u>\$ thousands</u>
Reimbursable	399
Change from '04	0
	0.0%
	<u>Positions</u>
Authorized	3.0
Contractual	<u>0.4</u>
	3.4
Change from '04	0.0

Totals may not add due to rounding.

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	2,485
Federal Funds	<u>731</u>
	3,216
Change from '04	-86
	-2.6%
	<u>Positions</u>
Authorized	45.0
Contractual	<u>4.0</u>
	49.0
Change from '04	-0.5

DEPARTMENT OF DISABILITIES

The Office for Individuals with Disabilities coordinates policies related to Maryland citizens with disabilities, and monitors and assists with the state's compliance with the federal Americans with Disabilities Act. Proposed legislation will elevate the Office to cabinet-level status, creating a new Department of Disabilities. The newly created department will receive close to \$1 million dollars in additional funding. The department will oversee the reform of government delivery of services and supports to people with disabilities through collaboration with state agencies. It will have the authority to review and to refocus regulatory provisions governing services and supports to people with disabilities, and to implement governmental performance outcomes measured by consumer satisfaction. In addition, the new department will direct the creation of a comprehensive statewide disability implementation plan to improve services, to consolidate fragmented programs, to unify policies, and to establish performance outcomes to measure quality, quantity, and sustainability over time.

	<u>\$ thousands</u>
General Funds	1,536
Special Funds	92
Federal Funds	1,463
Reimbursable	<u>72</u>
	3,164
Change from '04	979
	44.8%
	<u>Positions</u>
Authorized	26.0
Contractual	<u>5.0</u>
	31.0
Change from '04	14.0

INJURED WORKERS' INSURANCE FUND

The Injured Workers' Insurance Fund (IWIF) provides workers' compensation insurance to state agencies and to private employers. IWIF is an off-budget agency. Its costs are funded from premiums and other enterprise revenue. Figures are for calendar year 2004.

	<u>\$ thousands</u>
Non-budgeted	36,862
Change from '03	1,697
	4.6%

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 recently established Maryland Health Insurance Plan (MHIP) provides access to affordable health insurance for medically uninsurable and underinsured individuals. The MIA also administers the Senior Prescription Drug Program that serves approximately 35,000 individuals.

	<u>\$ thousands</u>
Special Funds	84,930
Change from '04	-16,973
	-16.7%
	<u>Positions</u>
Authorized	294.0
Contractual	<u>12.1</u>
	306.1
Change from '04	3.5

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. "Instant Win" will have its first full year of operation in FY 2005.

	<u>\$ thousands</u>
Special Funds	52,644
Change from '04	1,725 3.4%
	<u>Positions</u>
Authorized	170.0
Contractual	<u>11.0</u>
	181.0
Change from '04	4.5

MILITARY DEPARTMENT

The Military Department includes the Army National Guard, the Air National Guard and the Maryland Emergency Management Agency. The department provides the state with highly trained personnel, equipment and facilities capable of protecting life. The reorganization of MEMA will help achieve Governor Ehrlich's regional vision for homeland security preparedness, response, and recovery. The Military also has a federal mission to defend the nation and its vital national security.

	<u>\$ thousands</u>
General Funds	13,617
Special Funds	174
Federal Funds	<u>32,609</u>
	46,400
Change from '04	-41,198 -47.0%
	<u>Positions</u>
Authorized	334.0
Contractual	<u>44.5</u>
	378.5
Change from '04	3.0

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	1,992
Special Funds	<u>550</u>
	2,542
Change from '04	-74 -2.8%
	<u>Positions</u>
Authorized	35.0
Contractual	<u>13.0</u>
	48.0
Change from '04	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 corporation receives a grant from the state each fiscal year to offset operating expenses.

	<u>\$ thousands</u>
General Funds	2,165
Change from '04	1,091 101.5%

Totals may not add due to rounding.

OFFICE OF PEOPLE'S COUNSEL

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

	<u>\$ thousands</u>
Special Funds	2,577
Change from '04	21
	0.8%
	<u>Positions</u>
Authorized	18.0
Contractual	<u>1.0</u>
	19.0
Change from '04	0.0

COLLEGE SAVINGS PLANS OF MARYLAND

This program provides a means for payment of the cost of tuition in advance of enrollment at any institution of higher education and is based on tuition rates at Maryland public institutions. It 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	1,876
Change from '04	112
	6.3%
	<u>Positions</u>
Authorized	9.5
Contractual	<u>1.0</u>
	10.5
Change from '04	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	858
Change from '04	-11
	-1.3%
	<u>Positions</u>
Authorized	9.0
Change from '04	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.

	<u>\$ thousands</u>
General Funds	883
Change from '04	17
	2.0%
	<u>Positions</u>
Authorized	9.0
Contractual	<u>1.0</u>
	10.0
Change from '04	0.0

MARYLAND PUBLIC BROADCASTING COMMISSION

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

	<u>\$ thousands</u>
General Funds	11,339
Special Funds	19,284
Federal Funds	<u>3,378</u>
	34,001
Change from '04	-1,640
	-4.6%
	<u>Positions</u>
Authorized	162.0
Contractual	<u>7.4</u>
	169.4
Change from '04	-3.2

Totals may not add due to rounding.

PUBLIC DEFENDER

The Office of the Public Defender operates in all 23 counties and Baltimore City. \$3.3 million is provided for 68.5 new positions, which will help provide critical relief for attorneys with excessive caseloads. The new positions represent the second phase of a three-year plan to lower caseloads for public defenders. The fiscal year 2005 budget provides for a two-grade salary increase for public defenders to provide pay parity with attorneys in the Attorney General's Office. Funding is included in statewide employee compensation adjustments in the Department of Budget and Management.

	<u>\$ thousands</u>
General Funds	64,793
Special Funds	110
Reimbursable	<u>1,377</u>
	66,280
Change from '04	4,400
	7.1%
	<u>Positions</u>
Authorized	939.0
Contractual	<u>82.6</u>
	1,021.6
Change from '04	64.5

PUBLIC SERVICE COMMISSION

The Public Service Commission regulates gas, electric, telephone, water and sewage disposal companies. Also subject to the jurisdiction of the commission are electricity suppliers, fees for pilotage services to vessels, construction of a generating station and certain common carriers engaged in the transportation for hire of persons.

	<u>\$ thousands</u>
Special Funds	12,704
Change from '04	19
	0.2%
	<u>Positions</u>
Authorized	140.0
Contractual	<u>5.0</u>
	145.0
Change from '04	1.0

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 \$4.4 million in various grants, including \$2 million for the Baltimore City State's Attorney's Office, \$804,000 for the Maryland State Firemen's Association and \$476,000 for the Historic Annapolis Foundation.

	<u>\$ thousands</u>
General Funds	4,235
Special Funds	<u>1,804</u>
	6,038
Change from '04	-4,301
	-41.6%
	<u>Positions</u>
Authorized	9.0
Change from '04	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. The budget provides an enhancement of \$557,000 to stabilize and maintain its current partially-automated benefit system, as well as to carefully plan a new strategic direction for a comprehensive, automated-systems solution. The budget allowance also includes another enhancement of \$191,000 to successfully monitor external investment managers.

	<u>\$ thousands</u>
Special Funds	21,240
Change from '04	982
	4.8%
	<u>Positions</u>
Authorized	164.0
Contractual	<u>29.5</u>
	193.5
Change from '04	0.0

Totals may not add due to rounding.

RURAL MARYLAND COUNCIL

The Rural Maryland Council (formerly the FORVM for Rural Maryland) is housed administratively under the Department of Agriculture and within the department's Office of Marketing, Animal Industries, and Consumer Services. The Council brings together citizens; community-based organizations; federal, state, county and municipal government officials; businesses and non-profit groups to collectively address the needs of Rural Maryland communities.

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 \$6.9 million for repayments to the Maryland School Technology Program.

	<u>\$ thousands</u>
General Funds	16,781
Change from '04	688 4.3%
	<u>Positions</u>
Authorized	17.0
Change from '04	0.0

OFFICE OF SMART GROWTH

Governor Ehrlich's Priority Places Strategy for Maryland makes the Department of Planning the lead agency in Maryland's Smart Growth efforts. Since the statutory mandates of the Office for Smart Growth (OSG) are very similar to those of the Maryland Department of Planning (MDP), the 2005 budget merges OSG into MDP. This reorganization will improve coordination of efforts, increase efficiencies, and strengthen and focus staff commitment to fulfilling the mandates of both agencies.

MARYLAND STADIUM AUTHORITY

The Stadium Authority manages the operation of Oriole Park at Camden Yards and the M&T Bank 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	13,428
Special Funds	22,000
Non-budgeted	<u>41,129</u> 76,557
Change from '04	-38,864 -33.7%
	<u>Positions</u>
Authorized	83.5
Change from '04	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	1,750
Reimbursable	<u>16</u> 1,766
Change from '04	-21 -1.2%
	<u>Positions</u>
Authorized	16.6
Change from '04	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	1,489
Change from '04	89
	6.4%
	<u>Positions</u>
Authorized	16.5
Change from '04	0.0

MARYLAND TAX COURT

The Tax Court considers appeals of decisions of State and local government taxing authorities.

	<u>\$ thousands</u>
General Funds	555
Change from '04	19
	3.5%
	<u>Positions</u>
Authorized	9.0
Contractual	0.6
	9.6
Change from '04	0.0

MARYLAND TECHNOLOGY DEVELOPMENT CORPORATION

The Maryland Technology Development Corporation (TEDCO) assists in transferring to the private sector, and commercializing the results and products of scientific research and development, conducted by colleges and universities; and in the commercialization of technology developed in the private sector. This year TEDCO will receive a grant from the State, under a pilot performance agreement, to cover program and operating expenses of \$5.75 million. The capital budget includes \$1.5 million in General Obligation Bonds to support TEDCO's Incubator Development Program.

	<u>\$ thousands</u>
General Funds	5,750
Change from '04	1,750
	43.8%

MAJOR INFORMATION TECHNOLOGY DEVELOPMENT PROJECTS FUND

This program is a nonlapsing fund administered by the state chief information officer. The fund is used for major information technology (IT) development projects, education-related IT programs, application-server-provider initiatives, and other IT pilot and prototype projects. A significant portion of the fiscal year 2005 funding is for the following: \$1.6 million for the Department of Public Safety and Correctional Services (DPSCS) National Crime Information Center 2000 project, \$1.2 million for DPSCS infrastructure stabilization and \$942,000 for DPSCS Network LiveScan. \$980,000 is also provided for the Department of General Services Photo ID System and \$941,000 is provided for the Department of Human Resources CHESSIE project.

	<u>\$ thousands</u>
General Funds	6,178
Change from '04	353
	6.1%

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	402,989
Change from '04	65,779
	19.5%
	<u>Positions</u>
Authorized	1,553.0
Change from '04	18.5

Totals may not add due to rounding.

UNINSURED EMPLOYERS' 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 negligent employers. The fund's budget is fully offset by assessments imposed by the Workers' Compensation Commission.

	<u>\$ thousands</u>
Special Funds	969
Change from '04	24
	2.5%
	<u>Positions</u>
Authorized	13.0
Change from '04	0.0

UNIVERSITY OF MARYLAND MEDICAL SYSTEM

The University of Maryland Medical System 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 last year of 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	2,822
Special Funds	<u>6,964</u>
	9,786
Change from '04	109
	1.1%

DEPARTMENT OF VETERANS AFFAIRS

The Maryland Department of Veterans Affairs was established to provide enhanced and quality services to Maryland's half-million veterans, their families and their survivors. The department coordinates veterans benefits and oversees the state's military monuments, veterans cemeteries, and the Charlotte Hall Veterans Home.

Priority funding areas include the Veterans Service Program to increase veterans' access to benefits and services, and upgrading the appearance of Maryland's Veterans Affairs cemeteries.

	<u>\$ thousands</u>
General Funds	9,316
Special Funds	263
Federal Funds	<u>7,065</u>
	16,644
Change from '04	896
	5.7%
	<u>Positions</u>
Authorized	65.0
Contractual	<u>1.9</u>
	66.9
Change from '04	0.0

WORKERS' COMPENSATION COMMISSION

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

	<u>\$ thousands</u>
Special Funds	12,761
Reimbursable	<u>30</u>
	12,791
Change from '04	-11
	-0.1%
	<u>Positions</u>
Authorized	128.5
Contractual	<u>17.8</u>
	146.3
Change from '04	5.0

GOVERNOR'S WORKFORCE INVESTMENT BOARD

The Governor's Workforce Investment Board has been merged into the Department of Labor, Licensing and Regulation (DLLR). The board's role to develop system-wide workforce policies fits within DLLR's scope of responsibilities on workforce issues. The board is within the Office of the Secretary under budget code P00A01.09.

Totals may not add due to rounding.

Supporting Local Government

AID TO LOCAL GOVERNMENTS INCREASES BY MORE THAN 7% IN THE FISCAL YEAR 2005 BUDGET

The fiscal year 2005 allowance provides \$4.5 billion in aid to local government – an additional \$309 million over 2004. The primary increase, \$326.4 million in aid to public schools, reflects funding the second year of the Bridge to Excellence in Public Schools Act enacted during the 2002 Session.

The increase for public schools reflects increases of over \$101 million for the foundation program, over \$137 million for compensatory education, and more than \$46 million for special education programs.

The tables reflect a proposed reduction in certain local aid programs as part of the overall budget balancing strategy, primarily the proposed elimination of the electricity generating property tax grant as well as a decline in the disparity grant as prescribed by statute.

Summary of Aid by Category

(\$ thousands)

	2004 Appropriation	2005 Allowance	\$ Change	% Change
Direct Aid				
Primary & Secondary Education	2,927,779	3,234,559	306,780	10.5%
Libraries	41,229	41,948	718	1.7%
Community Colleges	159,704	167,944	8,240	5.2%
Transportation	373,226	389,378	16,152	4.3%
Public Safety	90,974	91,800	826	0.9%
Disparity Grants	105,831	93,102	-12,729	-12.0%
Public Health	60,436	60,878	442	0.7%
Natural Resources	20,594	15,000	-5,594	-27.2%
Other	37,645	11,454	-26,191	-69.6%
Total Direct State Aid	3,817,419	4,106,063	288,645	7.6%
Retirement Contributions	408,445	429,241	20,796	5.1%
Total State Aid	4,225,864	4,535,304	309,441	7.3%

	2004 Appropriation	2005 Allowance	\$ Change	% Change
Total Aid (includes Retirement)				
Primary & Secondary Education	3,311,346	3,637,738	326,392	9.9%
Libraries	49,248	50,387	1,139	2.3%
Community Colleges	174,939	183,990	9,051	5.2%
Transportation	373,226	389,378	16,152	4.3%
Public Safety	90,974	91,800	826	0.9%
Disparity Grants	105,831	93,102	-12,729	-12.0%
Public Health	60,436	60,878	442	0.7%
Natural Resources	20,594	15,000	-5,594	-27.2%
Other	39,270	13,031	-26,239	-66.8%
Total State Aid	4,225,864	4,535,304	309,441	7.3%

Totals may not add due to rounding.

Total Aid to Local Government: \$4.5 billion

Summary of Total Aid by Subdivision (includes Retirement Payments)

(\$ thousands)

	2004 Appropriation	2005 Allowance	% of Total	\$ Change	% Change
Allegany	72,415	75,914	1.7%	3,499	4.8%
Anne Arundel	283,536	288,663	6.4%	5,127	1.8%
Baltimore City	908,436	951,724	21.0%	43,288	4.8%
Baltimore County	443,420	485,059	10.7%	41,638	9.4%
Calvert	74,868	75,183	1.7%	316	0.4%
Caroline	36,842	38,649	0.9%	1,807	4.9%
Carroll	121,923	132,581	2.9%	10,658	8.7%
Cecil	77,922	86,982	1.9%	9,059	11.6%
Charles	114,388	124,013	2.7%	9,625	8.4%
Dorchester	30,536	31,796	0.7%	1,260	4.1%
Frederick	158,728	172,416	3.8%	13,689	8.6%
Garrett*	33,789	33,664	0.7%	-124	-0.4%
Harford	174,792	187,427	4.1%	12,635	7.2%
Howard	168,168	178,990	3.9%	10,822	6.4%
Kent	12,640	13,313	0.3%	672	5.3%
Montgomery	422,157	449,226	9.9%	27,068	6.4%
Prince George's	704,234	773,591	17.1%	69,357	9.8%
Queen Anne's	29,645	30,899	0.7%	1,254	4.2%
St. Mary's	72,107	78,263	1.7%	6,156	8.5%
Somerset	24,660	26,215	0.6%	1,555	6.3%
Talbot	15,815	16,992	0.4%	1,176	7.4%
Washington	98,787	107,559	2.4%	8,772	8.9%
Wicomico	79,865	88,730	2.0%	8,864	11.1%
Worcester	23,676	25,777	0.6%	2,101	8.9%
Statewide/Unallocated	42,515	61,681	1.4%	19,166	45.1%
Total	4,225,864	4,535,304	100.0%	309,441	7.3%

* Including the distribution of unclaimed taxes withheld, Garrett County will receive a net increase in funding.

Totals may not add due to rounding.

Direct Aid to Local Government: \$4.1 billion

Summary of Direct Aid by Subdivision (excludes Retirement Payments)

(\$ thousands)

	2004 Appropriation	2005 Allowance	\$ Change	% Change
Allegany	67,681	70,939	3,257	4.8%
Anne Arundel	250,603	254,065	3,462	1.4%
Baltimore City	861,944	902,975	41,031	4.8%
Baltimore County	392,563	431,617	39,054	9.9%
Calvert*	67,310	67,248	-62	-0.1%
Caroline	34,436	36,122	1,685	4.9%
Carroll	110,270	120,339	10,069	9.1%
Cecil	71,124	79,838	8,714	12.3%
Charles	104,036	113,134	9,098	8.7%
Dorchester	28,388	29,538	1,151	4.1%
Frederick	143,212	156,113	12,900	9.0%
Garrett*	31,567	31,330	-237	-0.8%
Harford	158,199	169,994	11,796	7.5%
Howard	143,675	153,263	9,588	6.7%
Kent	11,253	11,855	602	5.4%
Montgomery	339,277	361,947	22,670	6.7%
Prince George's	646,727	713,172	66,445	10.3%
Queen Anne's	26,550	27,646	1,097	4.1%
St. Mary's	65,476	71,296	5,820	8.9%
Somerset	23,266	24,750	1,484	6.4%
Talbot	13,731	14,802	1,070	7.8%
Washington	90,070	98,399	8,329	9.2%
Wicomico	73,425	81,962	8,537	11.6%
Worcester	20,120	22,041	1,921	9.5%
Statewide/Unallocated	42,515	61,681	19,166	45.1%
Total	3,817,419	4,106,063	288,645	7.6%

* Including the distribution of unclaimed taxes withheld, these counties will receive a net increase in funding.

Totals may not add due to rounding.

Primary and Secondary Education

Foundation Program: The foundation program is the largest single local aid program. It increases over \$101 million in fiscal year 2005 as part of the comprehensive legislation enacted in the 2002 Session – the Bridge to Excellence in Public Schools Act.

Under the foundation program, aid is distributed on the basis of public school enrollment and equalized for taxable wealth so that jurisdictions with smaller per pupil tax bases receive proportionately more aid.

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.

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 nonpublic special education schools. The fiscal year 2005 budget plan proposes reducing the State's share of the cost of nonpublic placements over a certain amount from 80% to 75%.

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 fiscal year 2005 plan proposes limiting the minimum amount that the basic grant must increase to the rate of inflation.

Other Education Aid: Other education aid includes \$51.3 million to support students with limited English proficiency, \$21.1 million to Baltimore City for Partnership Funding, \$19.3 million for extended elementary education, and \$19.1 million for the first year of a grant to those subdivisions that have less than 80% of the Statewide average wealth per pupil and provide local education funding above the local share required by the foundation program. The fiscal year 2005 plan proposes limiting the grant under the Governor's Teacher Salary Challenge program to the amount of the fiscal year 2004 grant (other than the hold harmless component).

State Retirement System: In addition to direct aid for education, the State pays the entire cost of pension and retirement benefits for teachers, principals, administrators, and other eligible employees on behalf of each board of education.

Primary and Secondary Education (\$ thousands)

	Foundation Program		Compen-satory Ed.		Special Ed.		Student Trans.		Other		Total Direct from 2004		% Change from 2004		Retirement System		\$ Change from 2004		% Change from 2004	
Allegany	32,340	10,573	3,339	3,115	2,529	51,895	4,315	9.1%	4,206	8.8%	56,101	4,520	8.8%	4,206	8.8%	4,520	8.8%	4,520	8.8%	8.8%
Anne Arundel	138,655	15,431	20,429	14,495	5,340	194,350	7,815	4.2%	32,189	4.3%	226,539	9,381	4.3%	32,189	4.3%	9,381	4.3%	9,381	4.3%	4.3%
Baltimore City	327,774	171,084	67,721	13,526	49,755	629,860	48,746	8.4%	46,339	8.2%	676,199	51,000	8.2%	46,339	8.2%	51,000	8.2%	51,000	8.2%	8.2%
Baltimore County	241,586	40,936	29,390	18,958	15,993	346,863	38,300	12.4%	49,477	11.4%	396,340	40,707	11.4%	49,477	11.4%	40,707	11.4%	40,707	11.4%	11.4%
Calvert	47,314	3,593	3,822	3,762	1,283	59,774	4,896	8.9%	7,669	8.5%	67,443	5,269	8.5%	7,669	8.5%	5,269	8.5%	5,269	8.5%	8.5%
Caroline	17,963	5,202	1,389	1,719	1,851	28,124	1,719	6.5%	2,352	6.4%	30,476	1,834	6.4%	2,352	6.4%	1,834	6.4%	1,834	6.4%	6.4%
Carroll	80,872	4,404	7,613	6,558	1,312	100,759	8,887	9.7%	11,583	9.2%	112,342	9,450	9.2%	11,583	9.2%	9,450	9.2%	9,450	9.2%	9.2%
Cecil	49,409	7,361	4,639	3,484	2,941	67,835	8,044	13.5%	6,826	12.6%	74,661	8,376	12.6%	6,826	12.6%	8,376	12.6%	8,376	12.6%	12.6%
Charles	73,748	9,161	4,997	6,647	2,557	97,110	10,186	11.7%	10,182	11.1%	107,291	10,682	11.1%	10,182	11.1%	10,682	11.1%	10,682	11.1%	11.1%
Dorchester	13,804	3,917	913	1,585	1,146	21,364	1,447	7.3%	2,125	7.1%	23,490	1,550	7.1%	2,125	7.1%	1,550	7.1%	1,550	7.1%	7.1%
Frederick	105,526	8,225	7,056	7,628	2,720	131,156	11,689	9.8%	15,511	9.3%	146,667	12,444	9.3%	15,511	9.3%	12,444	9.3%	12,444	9.3%	9.3%
Garrett	12,925	3,301	1,034	1,998	884	20,142	1,242	6.6%	2,125	6.4%	22,267	1,346	6.4%	2,125	6.4%	1,346	6.4%	1,346	6.4%	6.4%
Harford	111,673	10,812	11,214	8,127	2,353	144,179	11,112	8.4%	16,172	8.0%	160,351	11,898	8.0%	16,172	8.0%	11,898	8.0%	11,898	8.0%	8.0%
Howard	97,615	5,937	8,593	10,003	3,886	126,034	8,313	7.1%	24,281	6.7%	150,315	9,494	6.7%	24,281	6.7%	9,494	6.7%	9,494	6.7%	6.7%
Kent	4,595	1,243	455	1,058	967	8,318	438	5.6%	1,378	5.5%	9,695	505	5.5%	1,378	5.5%	505	5.5%	505	5.5%	5.5%
Montgomery	161,375	35,497	27,520	25,773	27,220	277,385	22,261	8.7%	81,937	7.9%	359,323	26,247	7.9%	81,937	7.9%	26,247	7.9%	26,247	7.9%	7.9%
Prince George's	412,137	113,291	49,865	25,888	27,452	628,634	72,680	13.1%	57,096	12.4%	685,731	75,458	12.4%	57,096	12.4%	75,458	12.4%	75,458	12.4%	12.4%
Queen Anne's	15,496	1,376	1,252	2,129	926	21,180	762	3.7%	3,078	3.9%	24,258	912	3.9%	3,078	3.9%	912	3.9%	912	3.9%	3.9%
St. Mary's	45,474	5,855	4,124	4,151	1,799	61,402	5,313	9.5%	6,676	9.0%	68,078	5,638	9.0%	6,676	9.0%	5,638	9.0%	5,638	9.0%	9.0%
Somerset	9,496	3,671	727	1,230	1,000	16,124	1,502	10.3%	1,409	9.8%	17,533	1,571	9.8%	1,409	9.8%	1,571	9.8%	1,571	9.8%	9.8%
Talbot	5,093	1,461	516	1,044	1,028	9,141	800	9.6%	2,035	8.7%	11,176	899	8.7%	2,035	8.7%	899	8.7%	899	8.7%	8.7%
Washington	57,367	10,945	5,369	4,273	2,057	80,010	7,946	11.0%	8,491	10.4%	88,501	8,359	10.4%	8,491	10.4%	8,359	10.4%	8,359	10.4%	10.4%
Wicomico	44,584	12,194	3,011	3,396	3,838	67,024	8,746	15.0%	6,468	14.1%	73,492	9,061	14.1%	6,468	14.1%	9,061	14.1%	9,061	14.1%	14.1%
Worcester	7,749	2,626	659	1,980	1,013	14,026	1,498	12.0%	3,573	10.5%	17,599	1,671	10.5%	3,573	10.5%	1,671	10.5%	1,671	10.5%	10.5%
Statewide/Unallocat	0	0	5,963	0	25,907	31,870	18,120	131.8%	0	131.8%	31,870	18,120	131.8%	0	131.8%	18,120	131.8%	18,120	131.8%	131.8%
Total	2,114,567	488,097	271,609	172,529	187,757	3,234,559	306,780	10.5%	403,179	9.9%	3,637,738	326,392	9.9%	403,179	9.9%	326,392	9.9%	326,392	9.9%	9.9%

Totals may not add due to rounding.

Education Aid Per Pupil

The chart below shows State aid for public schools on a per pupil basis. Local jurisdictions are listed in descending order by per pupil aid. Aid includes direct aid and contributions for teachers' retirement. Pupils are measured as full-time equivalent counts as of September 30, 2003, the same basis as used for allocating aid under the statutory formulas.

Total K-12 Education Aid - Fiscal Year 2005 Per Eligible Full-Time Equivalent Pupil

	FTE Pupils as of September 30, 2003	Aid per Pupil
Baltimore City	88,411	7,648
Somerset	2,733	6,415
Caroline	5,084	5,995
Allegany	9,408	5,963
Wicomico	13,487	5,449
Prince George's	130,235	5,265
Dorchester	4,519	5,199
Garrett	4,651	4,788
Cecil	15,671	4,764
Washington	19,487	4,542
St. Mary's	15,237	4,468
Charles	24,426	4,393
Total FTE's/Average	828,961	4,350
Harford	38,463	4,169
Kent	2,398	4,043
Calvert	16,745	4,028
Carroll	28,026	4,008
Frederick	37,438	3,918
Baltimore County	103,100	3,844
Queen Anne's	7,045	3,444
Howard	46,277	3,248
Anne Arundel	71,902	3,151
Worcester	6,420	2,741
Montgomery	133,580	2,690
Talbot	4,219	2,649

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.

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.

State Retirement System: In addition to direct aid for libraries, the State pays the entire cost of pension and retirement benefits for eligible librarians and other employees on behalf of the library systems. 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.

(\$ thousands)

	Formula	Network	State Retirement System	TOTAL	\$ Change from 2004
Allegany	619		65	684	-12
Anne Arundel	1,815		771	2,586	-31
Baltimore City	5,426		1,059	6,485	-7
Baltimore County	4,041		1,006	5,047	107
Calvert	321		132	454	25
Caroline	219		68	287	2
Carroll	769		323	1,092	53
Cecil	532		101	633	16
Charles	669		153	821	57
Dorchester	194		37	231	-15
Frederick	932		279	1,211	93
Garrett	150		50	201	-10
Harford	1,194		505	1,700	55
Howard	639		636	1,275	30
Kent	85		36	121	2
Montgomery	2,218		1,639	3,857	282
Prince George's	5,464		996	6,460	256
Queen Anne's	122		58	180	-6
St. Mary's	484		130	613	20
Somerset	228		19	247	6
Talbot	83		43	126	1
Washington	841		169	1,010	-11
Wicomico	608		91	698	-9
Worcester	119		73	192	2
Statewide/Unallocated	0	14,177	0	14,177	232
Total	27,771	14,177	8,439	50,387	1,139

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.

Unrestricted Grants and Special Programs: The budget includes \$4.3 million to fund a Statewide program for out of county or out of State students in regional or health manpower shortage programs, \$3.1 million for unrestricted grants, \$2.5 million for the English for Speakers of Other Languages program, \$1.6 million for Innovative Partnerships in Technology, and funding for other out-of-county students and out-of-State student agreements.

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.

State Retirement System: In addition to direct aid to the community colleges, the State pays the entire cost of pension and retirement benefits for eligible teachers, administrators, and other employees on behalf of each community college.

(\$ thousands)

	Formula	Unrestricted Special Programs	Optional Retirement	State Retirement System	TOTAL	\$ Change from 2004
Allegany	3,512	926	189	696	5,324	235
Anne Arundel	20,360	317	1,125	1,612	23,415	1,244
Baltimore City *	0	0	0	0	0	0
Baltimore County	30,114	510	1,422	2,953	34,998	489
Calvert	999	82	92	109	1,282	134
Caroline	918	81	52	101	1,152	58
Carroll	4,573	345	279	330	5,528	460
Cecil	2,943	354	278	209	3,784	294
Charles	4,972	36	458	545	6,011	294
Dorchester	784	69	44	86	983	50
Frederick	5,146	124	475	514	6,259	183
Garrett	1,655	999	97	159	2,910	111
Harford	7,343	136	418	755	8,652	583
Howard	8,148	405	759	774	10,086	691
Kent	376	33	21	41	472	24
Montgomery	24,942	1,565	2,237	3,697	32,441	606
Prince George's	17,097	250	619	2,267	20,232	588
Queen Anne's	981	86	55	108	1,231	62
St. Mary's	1,471	55	136	161	1,823	132
Somerset	543	554	28	37	1,161	399
Talbot	1,020	90	57	112	1,279	65
Washington	4,440	585	185	494	5,705	349
Wicomico	2,968	181	154	200	3,502	263
Worcester	1,249	76	65	84	1,474	111
Statewide/Unallocated	0	4,287	0	0	4,287	1,625
Total	146,555	12,146	9,244	16,046	183,990	9,051

*The State assumes the cost of Baltimore City Community College, which is not reflected on this chart.

Totals may not add due to rounding.

Education - Primary and Secondary, Libraries and Community Colleges

(\$ thousands)

	Primary & Secondary		Libraries		Community Colleges		TOTAL	\$ Change from 2004	% Change from 2004
	Direct	Retirement	Direct	Retirement	Direct	Retirement			
Allegany	51,895	4,206	619	65	4,627	696	62,108	4,742	8.3%
Anne Arundel	194,350	32,189	1,815	771	21,803	1,612	252,540	10,593	4.4%
Baltimore City*	629,860	46,339	5,426	1,059	0	0	682,684	50,993	8.1%
Baltimore County	346,863	49,477	4,041	1,006	32,046	2,953	436,385	41,303	10.5%
Calvert	59,774	7,669	321	132	1,173	109	69,179	5,428	8.5%
Caroline	28,124	2,352	219	68	1,050	101	31,914	1,895	6.3%
Carroll	100,759	11,583	769	323	5,198	330	118,961	9,964	9.1%
Cecil	67,835	6,826	532	101	3,576	209	79,078	8,685	12.3%
Charles	97,110	10,182	669	153	5,466	545	114,123	11,033	10.7%
Dorchester	21,364	2,125	194	37	897	86	24,704	1,585	6.9%
Frederick	131,156	15,511	932	279	5,745	514	154,136	12,720	9.0%
Garrett	20,142	2,125	150	50	2,751	159	25,378	1,447	6.0%
Harford	144,179	16,172	1,194	505	7,897	755	170,702	12,536	7.9%
Howard	126,034	24,281	639	636	9,312	774	161,676	10,216	6.7%
Kent	8,318	1,378	85	36	431	41	10,289	531	5.4%
Montgomery	277,385	81,937	2,218	1,639	28,744	3,697	395,621	27,135	7.4%
Prince George's	628,634	57,096	5,464	996	17,965	2,267	712,423	76,302	12.0%
Queen Anne's	21,180	3,078	122	58	1,123	108	25,669	969	3.9%
St. Mary's	61,402	6,676	484	130	1,662	161	70,515	5,790	8.9%
Somerset	16,124	1,409	228	19	1,125	37	18,942	1,975	11.6%
Talbot	9,141	2,035	83	43	1,167	112	12,580	965	8.3%
Washington	80,010	8,491	841	169	5,211	494	95,216	8,697	10.1%
Wicomico	67,024	6,468	608	91	3,302	200	77,692	9,316	13.6%
Worcester	14,026	3,573	119	73	1,390	84	19,266	1,785	10.2%
Statewide/Unallocated	31,870	0	14,177	0	4,287	0	50,334	19,977	65.8%
Total	3,234,559	403,179	41,948	8,439	167,944	16,046	3,872,115	336,582	9.5%

* The State assumes the cost of Baltimore City Community College.

Totals may not add due to rounding.

Police, Fire & Public Safety

Aid for Police Protection: The State gives grants to the subdivisions to help provide for police protection services, which are 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.

Special Grants: The budget includes funding for the Baltimore City foot patrol, violent crime grants, and community policing; drug enforcement and violent crime grant programs in Prince George's County; and STOP Gun Violence Grants. Also included are special funds awarded by the Vehicle Theft Prevention Council, grants from the State's telephone surcharge for the "911" emergency system, and grants to help enforce school bus safety laws.

	(\$ thousands)				
	Police Aid	Fire & Rescue	Special Grants	TOTAL	\$ Change from 2004
Allegany	869	238	0	1,107	-10
Anne Arundel	6,466	812	0	7,278	100
Baltimore City *	53	978	6,885	7,915	-393
Baltimore County	9,562	1,186	0	10,748	39
Calvert	733	200	0	933	38
Caroline	319	200	0	519	2
Carroll	1,531	262	0	1,793	62
Cecil	882	206	0	1,087	17
Charles	1,156	227	0	1,383	71
Dorchester	352	243	0	595	-5
Frederick	2,124	354	0	2,479	106
Garrett	241	200	0	441	-0
Harford	2,159	366	0	2,525	54
Howard	2,934	377	0	3,312	64
Kent	197	207	0	404	1
Montgomery	14,511	1,297	0	15,808	380
Prince George's	13,582	1,104	4,092	18,778	281
Queen Anne's	389	200	0	589	16
St. Mary's	794	200	0	994	25
Somerset	240	200	0	440	8
Talbot	392	238	0	631	0
Washington	1,367	226	0	1,593	12
Wicomico	921	233	0	1,154	-1
Worcester	655	247	0	902	5
Statewide/Unallocated	0	0	8,394	8,394	-44
Total	62,429	10,000	19,371	91,800	826

* In addition, the State assumes the cost of the Baltimore City Detention Center and Central Booking and Intake Facility, which is not reflected on this chart.

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 \$51.2 million of the local share of Highway User Revenues to the General Fund from the fiscal year 2005 revenues. The table also reflects setting the grant to Baltimore City at \$170 million for the second fiscal year.

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

(\$ thousands)

	Highway Users	Elderly & Disabled	TOTAL	\$ Change from 2004	% Change from 2004
Allegany	4,940	202	5,143	376	7.9%
Anne Arundel	20,657	716	21,373	1,572	7.9%
Baltimore City	170,000	443	170,443	0	0.0%
Baltimore County	28,367	419	28,786	2,159	8.1%
Calvert	4,112	154	4,266	313	7.9%
Caroline	3,322	121	3,443	253	7.9%
Carroll	9,251	149	9,400	704	8.1%
Cecil	5,138	143	5,281	391	8.0%
Charles	6,317	193	6,510	481	8.0%
Dorchester	3,712	124	3,836	282	7.9%
Frederick	12,138	760	12,899	924	7.7%
Garrett	4,217	120	4,336	321	8.0%
Harford	10,509	244	10,754	800	8.0%
Howard	10,306	504	10,810	784	7.8%
Kent	1,905	121	2,026	145	7.7%
Montgomery	29,787	365	30,152	2,267	8.1%
Prince George's	25,419	742	26,161	1,934	8.0%
Queen Anne's	3,722	122	3,844	283	8.0%
St. Mary's	4,892	336	5,228	372	7.7%
Somerset	2,221	119	2,341	169	7.8%
Talbot	3,013	121	3,134	229	7.9%
Washington	7,794	372	8,165	593	7.8%
Wicomico	5,957	200	6,157	453	7.9%
Worcester	4,559	330	4,889	347	7.6%
Statewide/Unallocated	0	0	0	0	
Total	382,256	7,122	389,378	16,152	4.3%

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 subdivisions whose per capita income tax revenues are less than 75% of the Statewide average. In addition, the fiscal year budget includes a \$500,000 grant to Garrett County.

Program Open Space: This program provides for the acquisition and development of parks. The table assumes the enactment of legislation altering the allocation of transfer tax revenues and reflects the State's plan to fund the local grants with bond financing in place of transfer tax revenues that will instead be transferred to the General Fund.

Other: Other miscellaneous grants include grants to Baltimore City of a \$5 share of each security interest-filing fee collected by the Motor Vehicle Administration, payments in lieu of taxes, and a grant to the Baltimore City State's Attorney's office. The chart reflects the fiscal year 2005 plan to eliminate the Electricity Generating Equipment Property Tax Grant.

	(\$ thousands)						
	Local Health	Program Open Space	Disparity Grant	Other	State Retirement System	TOTAL	\$ Change from 2004*
Allegany	1,480	167	5,902	0	7	7,556	-1,609
Anne Arundel	5,144	1,807	0	495	26	7,472	-386
Baltimore City	10,908	1,194	69,559	7,671	1,350	90,681	-6,972
Baltimore County	7,045	2,037	0	50	8	9,140	-516
Calvert	599	182	0	0	24	806	-38
Caroline	873	79	1,814	0	6	2,773	-343
Carroll	2,012	409	0	0	6	2,426	-72
Cecil	1,317	210	0	0	8	1,535	-34
Charles	1,626	371	0	0	0	1,996	-67
Dorchester	694	68	1,891	0	9	2,661	-462
Frederick	2,473	430	0	0	0	2,903	-61
Garrett	707	85	2,717	0	0	3,510	-1,883
Harford	2,843	604	0	0	0	3,447	-109
Howard	1,983	1,068	0	105	37	3,193	-242
Kent	541	51	0	0	2	595	-5
Montgomery	4,921	2,718	0	0	5	7,644	-638
Prince George's	8,181	2,298	5,510	181	60	16,230	-1,851
Queen Anne's	676	111	0	0	8	795	-15
St. Mary's	1,321	205	0	0	0	1,526	-31
Somerset	692	49	3,753	0	0	4,493	-598
Talbot	530	117	0	0	0	647	-18
Washington	2,260	320	0	0	5	2,584	-263
Wicomico	1,547	213	1,957	0	9	3,726	-904
Worcester	504	211	0	0	6	721	-35
Statewide/Unallocated	0	0	0	2,952	1	2,953	-767
Total	60,878	15,000	93,102	11,454	1,577	182,011	-17,918

*Excluding the effect of eliminating the Electricity Generating Equipment Property Tax grant.

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.

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 appropriation reflects the "corridor" method of funding certain retirement systems whereby the contribution rates remain constant as long as the overall funding is at least 90% and no more than 110% of full funding.

	(\$ thousands)						
	Boards of Education	Libraries	Community Colleges	Certain Local Employees	TOTAL	\$ Change over 2004	% Change over 2004
Allegany	4,206	65	696	7	4,975	242	5.1%
Anne Arundel	32,189	771	1,612	26	34,598	1,665	5.1%
Baltimore City	46,339	1,059	0	1,350	48,748	2,257	4.9%
Baltimore County	49,477	1,006	2,953	8	53,442	2,585	5.1%
Calvert	7,669	132	109	24	7,935	378	5.0%
Caroline	2,352	68	101	6	2,527	121	5.0%
Carroll	11,583	323	330	6	12,242	589	5.1%
Cecil	6,826	101	209	8	7,144	346	5.1%
Charles	10,182	153	545	0	10,879	527	5.1%
Dorchester	2,125	37	86	9	2,257	109	5.1%
Frederick	15,511	279	514	0	16,304	788	5.1%
Garrett	2,125	50	159	0	2,334	113	5.1%
Harford	16,172	505	755	0	17,432	839	5.1%
Howard	24,281	636	774	37	25,728	1,234	5.0%
Kent	1,378	36	41	2	1,457	70	5.1%
Montgomery	81,937	1,639	3,697	5	87,279	4,399	5.3%
Prince George's	57,096	996	2,267	60	60,420	2,913	5.1%
Queen Anne's	3,078	58	108	8	3,252	157	5.1%
St. Mary's	6,676	130	161	0	6,967	337	5.1%
Somerset	1,409	19	37	0	1,465	71	5.1%
Talbot	2,035	43	112	0	2,190	106	5.1%
Washington	8,491	169	494	5	9,160	443	5.1%
Wicomico	6,468	91	200	9	6,768	327	5.1%
Worcester	3,573	73	84	6	3,736	180	5.1%
Unallocated	0	0	0	1	1	0	0.4%
Total	403,179	8,439	16,046	1,577	429,241	20,796	5.1%

Totals may not add due to rounding.

Local Aid and Assumed Costs

In addition to direct aid and contributions to the State's retirement systems on behalf of local boards of education, library systems, and community colleges, the State has assumed the cost of the Baltimore City Detention Center and Central Booking and Intake Facility as well as the cost of the Baltimore City Community College. In addition, the State provides funding for debt service and operating deficits of the convention centers in Baltimore City, Montgomery County, and Ocean City and support for the Hippodrome Performing Arts Center in Baltimore City.

These assumed functions, direct aid, and retirement payments total \$4.68 billion of the State's operating budget, making support for local government by far the largest component of State spending.

Direct Aid, Retirement Contributions, and Assumed Costs

(\$ thousands)

	Direct Aid	State Retirement	Assumed Costs	TOTAL	\$ Change from 2004	% Change from 2004
Allegany	70,939	4,975	0	75,914	3,499	4.8%
Anne Arundel	254,065	34,598	0	288,663	5,127	1.8%
Baltimore City	902,975	48,748	140,504	1,092,228	51,718	5.0%
Baltimore County	431,617	53,442	0	485,059	41,638	9.4%
Calvert	67,248	7,935	0	75,183	316	0.4%
Caroline	36,122	2,527	0	38,649	1,807	4.9%
Carroll	120,339	12,242	0	132,581	10,658	8.7%
Cecil	79,838	7,144	0	86,982	9,059	11.6%
Charles	113,134	10,879	0	124,013	9,625	8.4%
Dorchester	29,538	2,257	0	31,796	1,260	4.1%
Frederick	156,113	16,304	0	172,416	13,689	8.6%
Garrett	31,330	2,334	0	33,664	-124	-0.4%
Harford	169,994	17,432	0	187,427	12,635	7.2%
Howard	153,263	25,728	0	178,990	10,822	6.4%
Kent	11,855	1,457	0	13,313	672	5.3%
Montgomery	361,947	87,279	1,847	451,072	28,823	6.8%
Prince George's	713,172	60,420	0	773,591	69,357	9.8%
Queen Anne's	27,646	3,252	0	30,899	1,254	4.2%
St. Mary's	71,296	6,967	0	78,263	6,156	8.5%
Somerset	24,750	1,465	0	26,215	1,555	6.3%
Talbot	14,802	2,190	0	16,992	1,176	7.4%
Washington	98,399	9,160	0	107,559	8,772	8.9%
Wicomico	81,962	6,768	0	88,730	8,864	11.1%
Worcester	22,041	3,736	2,717	28,494	2,283	8.7%
Statewide/Unallocated	61,681	1	0	61,682	19,167	45.1%
Total	4,106,063	429,241	145,068	4,680,373	319,809	7.3%

Totals may not add due to rounding.

Appendix A

Appropriation Detail All Budgeted Funds - \$ thousands

	Fiscal Years		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Health and Mental Hygiene	5,433,088	5,652,551	6,066,128
State Department of Education	4,146,716	4,314,341	4,709,278
Transportation	3,129,597	3,338,660	3,230,636
University System of Maryland	2,877,347	3,046,328	3,158,626
Human Resources	1,572,675	1,473,070	1,568,465
Public Safety and Correctional Services	898,906	898,225	932,225
Public Debt	820,069	536,819	567,860
Maryland Higher Education Commission	334,063	308,905	342,635
Judiciary	279,810	310,040	318,990
State Police	287,064	298,866	271,650
Housing and Community Development	216,960	225,308	240,020
Natural Resources	213,372	173,313	237,816
Juvenile Services	173,035	175,888	189,536
Labor, Licensing and Regulation	183,940	174,871	178,095
Morgan State University	149,241	156,690	162,811
Department of the Environment	149,680	163,541	160,436
State Reserve Fund	181,029	0	139,653
Budget and Management	42,567	45,284	104,966
Business and Economic Development	135,666	108,827	100,837
Disparity Grants	115,180	105,831	93,102
State Department of Assessments and Taxation	91,457	79,916	91,178
Maryland Insurance Administration	23,223	101,904	84,930
Comptroller of Maryland	76,043	78,396	80,191
Baltimore City Community College	73,362	73,811	79,457
Office of the Public Defender	56,156	60,448	64,903
General Assembly of Maryland	57,361	59,860	60,739
Agriculture	83,578	59,412	59,131
General Services	53,229	50,408	53,830
Lottery Agency	51,716	50,919	52,644
St. Mary's College of Maryland	39,685	46,284	47,130
Department of Aging	54,004	47,300	46,470
Military Department	57,772	87,598	46,400
Executive - Boards, Commissions and Offices	58,927	47,220	45,606
Maryland Stadium Authority	31,883	32,498	35,428
Maryland Public Broadcasting Commission	30,854	35,641	34,001
Electricity Property Tax Grants	30,615	26,202	30,615
Maryland School for the Deaf	20,387	21,950	22,968
Retirement and Pension Systems	19,752	20,258	21,240
Office of the Attorney General	19,150	19,120	20,467
Public School Construction	11,458	16,094	16,781
Department of Veterans Affairs	14,026	15,748	16,644

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

(continued on next page)

Appendix A

Appropriation Detail All Budgeted Funds - \$ thousands

	Fiscal Years		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
State Board of Elections	6,857	10,134	16,514
Workers' Compensation Commission	12,415	12,773	12,761
Public Service Commission	10,483	12,685	12,704
Inst. For Emergency Medical Services Systems	10,578	11,754	11,004
State Archives	5,448	10,832	10,427
University of Maryland Medical System	9,329	9,677	9,786
Executive Department	8,060	8,159	8,709
Department of Planning	8,382	7,630	8,119
Major Info. Tech. Development Project Fund	0	5,825	6,178
Board of Public Works	6,804	10,339	6,038
Maryland Technology Dev. Corporation	2,682	4,000	5,750
Maryland Energy Administration	5,239	4,174	5,602
Office for Children, Youth and Families	5,337	4,567	4,975
State Treasurer's Office	4,600	4,254	4,319
Commission on Human Relations	3,520	3,302	3,216
Security Interest Filing Fees	3,165	3,025	3,196
Office for Individuals with Disabilities	2,185	2,119	3,092
Secretary of State	2,846	2,856	2,925
Board of Public Works - Capital Appropriation	35,174	2,400	2,800
Office of the People's Counsel	2,545	2,557	2,577
Historic St. Mary's City Commission	2,588	2,616	2,542
African American Museum Corporation	742	1,075	2,165
Subsequent Injury Fund	1,732	1,772	1,750
Retirement - Local Employees	1,302	1,625	1,577
Supplemental Retirement Plans	1,465	1,399	1,489
Uninsured Employers' Fund	913	945	969
Office of the State Prosecutor	874	866	883
Property Tax Assessment Appeals Boards	843	869	858
Maryland Tax Court	533	536	555
State Board of Contract Appeals	516	495	524
Canal Place Authority	1,566	401	446
Office of the Deaf and Hard of Hearing	186	223	227
Registers of Wills	10	75	75
Office of Administrative Hearings	10	6	6
Office for Smart Growth	569	473	0
Total	22,454,144	22,684,786	23,939,277
Proposed Deficiency Appropriations (App. C)		324,030	
Specific Reversions		-34,223	
Contingent Reductions			-100,200
Adjusted Total	22,454,144	22,974,592	23,839,077

Totals may not add due to rounding.

Appropriation Detail General Funds - \$ thousands

	Fiscal Years		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
State Department of Education	3,257,719	3,485,090	3,845,361
Health and Mental Hygiene	2,814,285	2,894,226	3,168,008
State Operated Inst. Of Higher Education*	895,723	837,538	843,422
Public Safety and Correctional Services	779,676	777,378	803,339
Human Resources	495,315	508,076	573,359
Maryland Higher Education Commission*	321,112	302,495	335,400
Judiciary	263,788	275,006	282,576
State Police	139,924	223,326	212,453
Juvenile Services	158,895	160,871	173,930
State Reserve Fund	181,029	0	139,653
Disparity Grants	115,180	105,831	93,102
Budget and Management	28,841	30,137	89,194
State Department of Assessments and Taxation	88,503	76,697	87,854
Natural Resources	78,792	70,827	68,616
Comptroller of Maryland	63,364	65,731	67,330
Office of the Public Defender	55,917	60,188	64,793
Business and Economic Development	71,269	55,490	61,664
General Assembly of Maryland	57,361	59,860	60,739
General Services	50,688	48,173	51,516
Department of the Environment	49,572	38,786	37,612
Electricity Property Tax Grants	30,615	26,202	30,615
Agriculture	29,240	26,428	26,123
Executive - Boards, Commissions and Offices	10,056	9,620	23,550
Maryland School for the Deaf	19,257	20,932	21,850
Department of Aging	22,222	20,721	20,637
Labor, Licensing and Regulation	29,131	18,769	18,418
Office of the Attorney General	16,636	17,090	17,464
Public School Construction	11,408	16,094	16,781
Military Department	16,389	13,372	13,617
Maryland Stadium Authority	9,934	10,498	13,428
Maryland Public Broadcasting Commission	10,509	10,787	11,339
Department of Veterans Affairs	6,334	8,819	9,316

(continued on next page)

*The total fiscal year 2005 general fund commitment to higher education totals \$1,178,822 before contingent reductions.

Appendix A

Appropriation Detail General Funds - \$ thousands

	Fiscal Years		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Housing and Community Development	28,500	9,649	9,302
Executive Department	8,031	8,159	8,709
Department of Planning	8,009	7,405	7,793
Major Info. Tech. Development Project Fund	0	0	6,178
State Board of Elections	5,397	6,912	5,959
Maryland Technology Dev. Corporation	2,682	4,000	5,750
Board of Public Works	4,679	3,810	4,235
Office for Children, Youth and Families	4,903	3,964	4,165
State Treasurer's Office	3,840	3,635	3,697
Security Interest Filing Fees	3,165	3,025	3,196
University of Maryland Medical System	2,466	2,714	2,822
Commission on Human Relations	2,496	2,479	2,485
State Archives	2,658	2,415	2,450
Secretary of State	2,459	2,361	2,439
African American Museum Corporation	742	1,075	2,165
Historic St. Mary's City Commission	2,181	1,979	1,992
Retirement - Local Employees	1,302	1,625	1,577
Office for Individuals with Disabilities	574	557	1,536
Office of the State Prosecutor	874	866	883
Property Tax Assessment Appeals Boards	843	869	858
Maryland Tax Court	533	536	555
State Board of Contract Appeals	516	495	524
Maryland Energy Administration	397	386	396
Canal Place Authority	1,371	246	251
Office of the Deaf and Hard of Hearing	186	223	227
Registers of Wills	10	75	75
Board of Public Works - Capital Appropriation	3,500	0	0
Office for Smart Growth	569	473	0
Public Debt	92,684	0	0
Total	10,364,249	10,344,989	11,363,280
Proposed Deficiency Appropriations (App. C)		78,254	
Specific Reversions		-124,278	
Contingent Reductions			-93,604
Adjusted Total	10,364,249	10,298,966	11,269,675

Totals may not add due to rounding.

Position Summary Full-Time Equivalent Positions

	Fiscal Years					
	2003		2004		2005	
	<u>Auth.</u>	<u>Contr.</u>	<u>Auth.</u>	<u>Contr.</u>	<u>Auth.</u>	<u>Contr.</u>
University System of Maryland	19,292	4,935	19,087	5,115	19,087	5,348
Public Safety and Correctional Services	11,563	281	11,231	480	11,261	477
Transportation	9,319	122	9,096	176	9,135	172
Health and Mental Hygiene	8,212	357	7,710	487	7,754	496
Human Resources	7,398	73	7,381	148	7,375	135
Judiciary	3,224	390	3,224	390	3,244	371
State Police	2,575	32	2,480	59	2,491	47
Juvenile Services	1,996	98	1,939	133	1,986	75
Labor, Licensing and Regulation	1,627	114	1,519	159	1,502	179
Natural Resources	1,490	378	1,454	480	1,446	439
State Department of Education	1,440	118	1,328	117	1,398	131
Comptroller of Maryland	1,126	21	1,103	31	1,120	30
Department of the Environment	975	23	951	43	952	43
Morgan State University	975	455	951	476	951	476
Office of the Public Defender	812	54	871	87	939	83
General Assembly of Maryland	730	0	730	0	730	0
General Services	807	26	714	28	706	28
State Department of Assessments and Taxation	736	3	696	0	696	0
Baltimore City Community College	541	288	544	249	544	304
Budget and Management	531	27	472	19	472	21
Agriculture	439	44	431	51	431	41
Housing and Community Development	402	50	393	71	393	62
St. Mary's College of Maryland	396	21	384	20	384	18
Military Department	343	55	331	45	334	45
Maryland School for the Deaf	311	57	317	62	317	62
Business and Economic Development	309	47	299	42	299	36
Maryland Insurance Administration	280	4	294	9	294	12
Office of the Attorney General	248	0	240	0	243	0
Lottery Agency	172	6	170	7	170	11
Retirement and Pension Systems	168	24	164	30	164	30
Maryland Public Broadcasting Commission	185	7	162	11	162	7
Public Service Commission	138	5	140	4	140	5
Workers' Compensation Commission	133	9	129	13	129	18
Office of Administrative Hearings	133	0	126	0	126	0
Department of Planning	129	10	120	8	124	3
Inst. For Emergency Medical Services Systems	93	10	93	8	93	9
Executive Department	85	4	86	4	86	4

(continued on next page)

Totals may not add due to rounding.

Appendix B

Position Summary Full-Time Equivalent Positions

	Fiscal Years					
	2003		2004		2005	
	<u>Auth.</u>	<u>Contr.</u>	<u>Auth.</u>	<u>Contr.</u>	<u>Auth.</u>	<u>Contr.</u>
Executive - Boards, Commissions and Offices	79	22	81	19	81	17
Maryland Higher Education Commission	81	6	75	3	75	2
Department of Veterans Affairs	70	2	65	2	65	2
Department of Aging	51	12	56	7	56	7
State Treasurer's Office	53	0	52	0	52	0
Office for Children, Youth and Families	48	16	48	16	50	9
Commission on Human Relations	51	5	48	2	45	4
State Archives	45	42	45	38	45	43
Historic St. Mary's City Commission	38	13	35	13	35	13
Secretary of State	38	3	35	2	35	1
State Board of Elections	30	4	30	4	30	9
Office for Individuals with Disabilities	15	3	15	2	26	5
Maryland Energy Administration	20	1	20	2	20	0
Office of the People's Counsel	18	1	18	1	18	1
Public School Construction	17	0	17	0	17	0
Subsequent Injury Fund	18	0	17	0	17	0
Supplemental Retirement Plans	17	0	17	0	17	0
Uninsured Employers' Fund	13	0	13	0	13	0
Office of the State Prosecutor	9	2	9	1	9	1
Maryland Tax Court	9	1	9	1	9	1
Board of Public Works	9	0	9	0	9	0
Property Tax Assessment Appeals Boards	9	0	9	0	9	0
State Board of Contract Appeals	5	0	5	0	5	0
Canal Place Authority	4	0	4	0	4	0
Higher Education Labor Relations Board	3	1	3	0	3	0
Office of the Deaf and Hard of Hearing	3	0	2	0	2	0
Office for Smart Growth	6	0	5	0	0	0
Total	80,084	8,282	78,094	9,171	78,419	9,327
Positions to be abolished by June 30, 2005						
Crownsville Hospital Center					(133)	
Walter P. Carter Community Mental Hlth. Ctr.					(134)	
Adjusted Total	80,084	8,282	78,094	9,171	78,151	9,327

Totals may not add due to rounding.

FY 2004 Deficiency Appropriations (\$ thousands)

	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
Payments to Civil Divisions	138	0	0	138
Department of Agriculture	700	0	0	700
Health and Mental Hygiene	5,585	2,000	242,700	250,285
Human Resources	39,321	0	1,075	40,397
Labor, Licensing and Regulation	6,000	0	0	6,000
Public Safety and Correctional Services	3,676	0	0	3,676
State Department of Education	6,983	0	0	6,983
Juvenile Services	4,000	0	0	4,000
State Police	1,850	0	0	1,850
State Reserve Fund	10,000	0	0	10,000
Total	78,254	2,000	243,775	324,030

Totals may not add due to rounding.

Glossary

Allowance

The amount proposed by the Governor for an item in the fiscal year 2005 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 2005 budget proposal includes deficiency appropriations for fiscal year 2004.

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 2005 (FY 2005) will begin on July 1, 2004 and continue until June 30, 2005.

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

We are very pleased to assist Governor Ehrlich in presenting his fiscal year 2005 budget to the General Assembly and all Marylanders. This would not have been possible without our extraordinary team at the Department of Budget and Management, as well as from the Governor's Office and all state agencies. We are proud that this budget resolves the State's \$800 million deficit, yet manages to both uphold the priorities of our Governor and fund those areas most vital to Maryland's needs. Education, healthcare, and the Chesapeake Bay are a just a few of many worthwhile causes that we strived to improve through prudent funding and accountable program measures. We express our heartfelt thanks to those who contributed their energy, expertise, creativity and compassion to produce this comprehensive blueprint for managing the State's affairs.

James C. DiPaula, Jr.

Secretary of Budget and Management

Cecilia Januszkiewicz

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