FY 2020 Budget Highlights

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FY 2020 Budget Accomplishments

• Provides record K-12 funding for 5th straight year - $6.9 billion
  – Formulas over-funded for 4th year so everyone gets more aid

• Historic 5-year investment of $3.5 billion in school construction – Building Opportunity Fund – that creates 27,000 new jobs

• Encourages investments in Opportunity Zones

• Leaves $1.3 billion in reserves – more than 7% of revenue
  – $1.21 billion – Rainy Day Fund
  – $105 million – General Fund Surplus
FY 2020 Budget Accomplishments

• Budget complies with Spending Affordability Committee recommendations
• Invests surplus in savings and one-time capital projects
• Continues additional investment in State pension system
• Maintains AAA bond rating
• With **NO** tax increases or service reductions
FY 2020 Budget Priorities

• Education

• Economic Development & Jobs

• Quality of Life

• Infrastructure Investment

• Fiscal Responsibility
K-12 Education

• Record K-12 investment of $6.9 billion
  – Fully funds all statutory formulas and MORE
  – Two jurisdictions receive additional funding of $11.9 million – Baltimore City and Cecil County

• Record funding of $438 million for school construction in FY 2020
  – $3.5 billion in school construction over the 5-year CIP, including the Building Opportunity Fund

• Budget includes full funding of $125 million from the education “lockbox”, a portion of which is unallocated - $35 million

• $200 million reserved for future costs associated with the Kirwan Commission
Higher Education

- State Support for Higher Education exceeds $1.6 billion – a 4 percent increase
- $325 million for higher education capital projects
  - Includes $232 million for State colleges and universities
  - Also includes $78 million for community colleges and $15 million for private colleges and universities
- Record funding of $268 million to support community colleges
College Affordability

• For the 4th consecutive year, tuition growth is limited to 2 percent at public colleges and universities

• Student financial aid totals $141 million, a $27 million increase over FY 2019
  – Includes $15 million for Community College Promise and $8 million for Governor’s Promise Plus

• Administration legislation supports affordability by:
  – Allowing deduction of 100 percent of student loan interest
  – Doubling the deduction for Maryland 529 savings plans from $2,500 to $5,000
Economic Development & Jobs

• More than 121,000 jobs have been added since Governor Hogan took office

• More than three and a half times more jobs created in four years than the previous administration created in eight years

• Taxes reduced during each year of the Administration; Additional relief proposed in FY 2020
Opportunity Zones

• FY 2020 budget includes $56.5 million to encourage investments in Opportunity Zones throughout the State
  – $16 million to create a Technology Infrastructure fund under TEDCO
  – An additional $6 million in MJM tax credits for companies locating or expanding in Opportunity Zones
  – $3 million for Opportunity Works, a job training program for businesses located in Opportunity Zones
  – $31.5 million made available under existing DHCD programs such as Rental Housing, Strategic Demolition, and Neighborhood Business Works
Economic Development & Jobs

• $28 million investment in the MD Economic Development Assistance Authority and Fund

• All-time high funding of $24.4 million for the Maryland Arts Council to boost tourism

• $20 million to fund year two of the Governor’s workforce initiative at USM to create more graduates in key workforce areas such as science, engineering, and cybersecurity

• $2.5 million to launch the new Cyber Warrior Diversity Program to train HBCU students in computer networking and cyber security careers
Quality of Life

• $11.5 billion for Medicaid – the largest single program in the budget – to support healthcare for 1.4 million Marylanders

• $77 million in additional funding for programs to keep elderly and disabled adults out of nursing homes

• $10 million for pilot programs to reduce diabetes and provide limited adult dental benefits
Services for Vulnerable Populations

• The FY 2020 budget includes almost $250 million for substance use disorder services, a 20 percent increase
  – Licensed substance use treatment beds have more than doubled from 1,500 in January 2017 to 3,300 in September 2018

• Funding for the Child Care Subsidy program increases $34 million to support numerous policy changes implemented in the current year

• $6.3 million in new funding to help mitigate the impact of the “benefit cliff” for newly employed recipients of public assistance
Quality of Life

• Nearly $130 million is provided to fund a 3.5 percent rate increase for behavioral health and developmental disability providers and a 3 percent increase for most other health providers

• Five percent benefit increase for Temporary Cash Assistance recipients and a 10 percent benefit increase for recipients of Temporary Disability Assistance

• Foster Care providers are receiving a 3 percent rate increase in FY 2020

• Second consecutive yearly rate increase for Child Care providers
Environmental Stewardship

• Fully funds Transfer Tax programs, including the Maryland Park Service, at $267 million
  – Includes $44 million for repayment of past transfers

• $54 million for the Chesapeake & Atlantic Coastal Bays 2010 Fund to support bay restoration efforts

• Doubles the tax credit for zero emission vehicles from $3 million to $6 million
Keeping Maryland Safe

• Nearly $30 million to strengthen school safety, including $11 million for school resource officers

• $13 million to support the Governor’s new Baltimore City Crime Prevention initiative, in addition to new funding for Baltimore City Safe Streets

• $8.4 million to upgrade Maryland State Police vehicles

• Funding of $3.8 million for evidence-based strategies to decrease crime and reduce recidivism in accordance with the Justice Reinvestment Act of 2016
Aid to Local Governments

- More than one-third of the State’s General Fund budget is given to local governments

- Total Aid to Local Governments in FY 2020 is $8.16 billion, an increase of $407 million, or 5.2 percent
  - Includes $347 million in K-12 Education aid
  - 10 percent increase in Transportation Aid, primarily Highway User Revenue
State Employees

- **ALL** state employees will receive at least a 3 percent cost-of-living adjustment in FY 2020, in addition to the 2.5 percent received in the current year.
- 2019 health insurance & pharmacy premiums frozen.
- Budget includes salary adjustments for certain positions, including nurses, psychiatrists and correctional officers.
FY 2020 Capital Budget

GO Bonds, General Fund
PAYGO, & “Lockbox” Funds
$1,085 m General Obligation Bonds
+196 m General Fund “Paygo”
+65 m “Lockbox” Funds
= $1.346 billion

School Construction $438
WMATA $125
Community College Program $78
USM $137
Other Higher Education $76
Housing & Comm. Dev. $108
Other State $170
Other Grant & Loan $100
Local Projects $42
Leg Initiatives $15

Education = 54%
Capital Budget - Education

- Total school construction more than $3.5 billion over 5 years
- “Building Opportunity Fund” School Construction Initiative will add $1.9 billion in additional funding over 5 years
- $438 million for school construction in FY 2020
  - $330 million GO Bonds, $65 million of “Lockbox” PAYGO, $43 million in General Fund PAYGO
Capital Budget - Infrastructure

• Maintain Facilities for Critical Public Services
  – $67 million for facility renewal and infrastructure projects at state buildings, parks, prisons, and hospitals
  – Plus $63 million at higher education campuses

• $50 million to renovate or replace state facilities
  – $24 million for National Guard maintenance facilities in Havre de Grace
  – $12 million for new Salisbury Animal Health Lab
  – $2 million to design Baltimore City District Court renovation
Capital Budget - Revitalizing Communities

• $24 million Project CORE and strategic demolition statewide

• Up to $32 million for projects in Opportunity Zones

• $10 million in FY 2020 to promote Rural Broadband – $46 million over 5 years
Capital Budget - Protecting Safety

• Baltimore Therapeutic Treatment Center
  – $23 million to continue demolition of the antiquated and dangerous City Detention Center, closed by Governor Hogan in 2017
  – 5-year plan initiates $378 million Treatment Center on part of the site
• $30 million to complete and upgrade statewide public safety radio system
• $28 million for other Public Safety projects, including perimeter security and local jail improvements
• $10 million for replacement State Police barracks in Cumberland & Berlin, including new Eastern Shore Crime Lab
• $2 million to outfit and complete Baltimore City Special Operations Group facility
Fiscal Responsibility

• Budget uses one-time surplus for savings and infrastructure investment
  – Rainy Day Fund balance of 6.5 percent; more than the 6 percent recommended by Spending Affordability
  – Almost $200 million in General Fund PAYGO and $65 million in “Lockbox” PAYGO

• Conservative Revenue Forecast that reduces revenues by $94 million to account for revenue volatility

• Catastrophic Event Account replenished to $10 million
Budgeting Responsibly for the Future

• According to recommendations of the Spending Affordability Committee in December 2018, the General Assembly should:

  “minimize the impact of legislation enacted at the 2019 session on the structural deficit forecast for fiscal 2021 and subsequent years.”