



# FY 2020 Budget Highlights

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# FY 2020 Budget Accomplishments

- Provides record K-12 funding for 5<sup>th</sup> straight year - \$6.9 billion
  - Formulas over-funded for 4<sup>th</sup> 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 4<sup>th</sup> 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

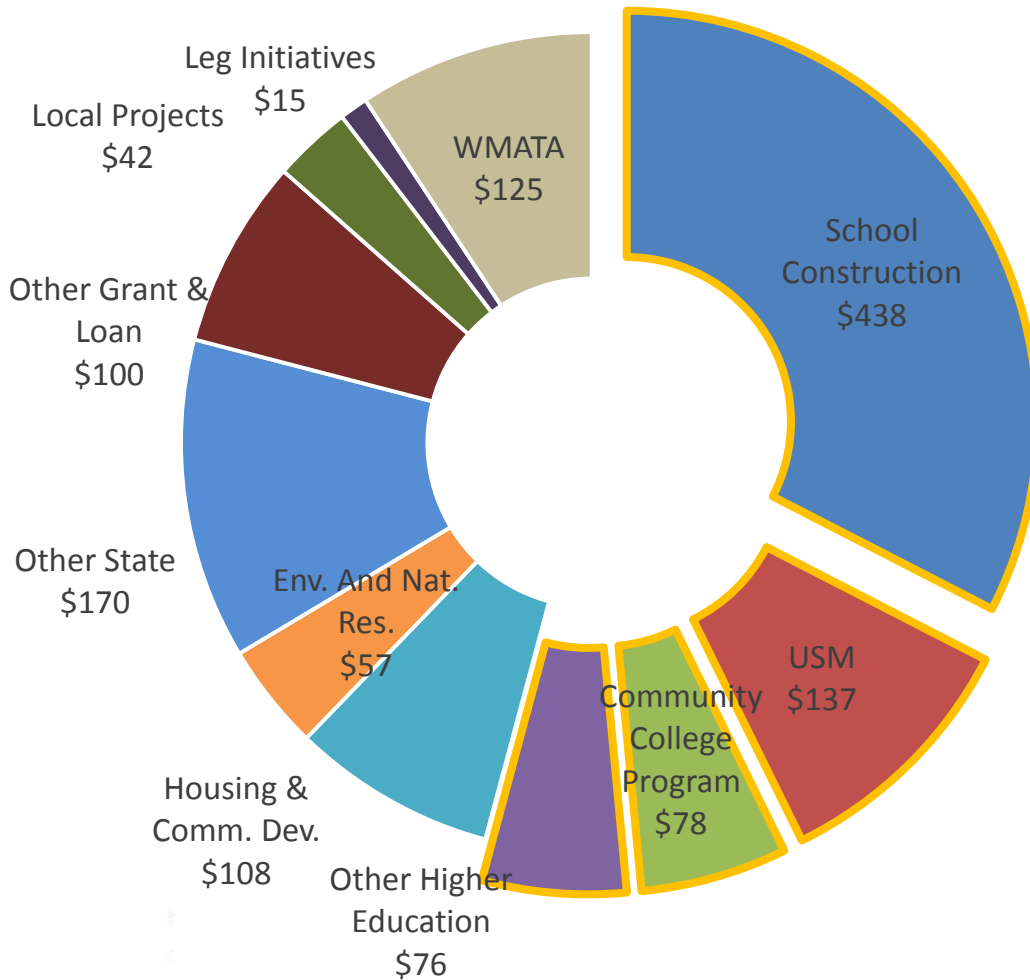




# State Employees

- **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
- SmartWork – a new student loan repayment program for state employees in shortage fields – funded at \$8 million in FY 2020

# 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**

**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.”