



FY 21 – 22 Budget Overview

**Maryland Helping
Marylanders**



The shared goal of the 2021
Session should be to
provide relief to
Marylanders in need . . .



Who are these Marylanders?

- Individuals who have lost their jobs or who have had their income reduced
- Small business employers trying to stay afloat and keeping their employees on the payroll
- Individuals struggling to make ends meet – paying their rent and utilities
- School children struggling with distance learning
- All residents in need of public health services
 - Testing & Tracing
 - Vaccinations



MEETING AGENDA

- CARES Act overview
- COVID-19 Relief Act overview
- FY 21 – 22 Operating Budget Highlights
- FY 21 – 22 Capital Budget Highlights



CARES ACT OVERVIEW

- According to FFIS Maryland received \$29 billion in benefits from the legislation including funds for:
 - Payroll Protection Program
 - Unemployment Insurance
 - Direct Payments to providers
- Direct funding of \$1.65 billion to the State made available through the Coronavirus Relief Fund
- \$691 million also made available to 5 jurisdictions with population above 500,000
- Almost \$500 million received for education
 - Pretty even split between K-12 and higher education



CORONAVIRUS RELIEF FUND Allocations

- Transferred to local governments \$363 M
- Public Health & Safety Payroll \$342 M
 - Includes local public health, state agency police, and higher education police salary fund swaps
- Economic Support* \$254 M
 - Includes small business grants & loans, non-profit assistance, farmer assistance programs

* Governor supplemented this with an additional \$250 million from the Rainy Day Fund to support a variety of business activities

CRF Allocations (cont.)

- Medical & Public Health Expenses \$250 M
 - CRF match against \$1 billion in incurred medical expenses, including equipment and PPE
- Education \$210 M
 - \$100 M each for targeted tutoring & technology
 - \$10 million for Rural Broadband
- Premium & Response Pay \$102 M
- Other expenses \$132 M
 - Includes public safety inmate medical expenses, foodbank support, and rental assistance programs



COVID-19 RELIEF ACT OVERVIEW

- DBM estimates that the State could receive almost \$15 billion in total assistance
 - Direct Business Assistance of \$7.1 billion
 - Direct Assistance for Individuals of \$4.1 billion
 - Funding provided through Maryland state and local governments of \$2.7 billion
 - Other funding of more than \$900 million (includes miscellaneous tax provisions)

COVID-19 Relief Act

Funding to Maryland State & Local governments

- K-12 Education \$912 M
 - Most of funding provided to local schools directly. State set-aside of 10% and two different GEER components (public & non-public)
- Testing, Tracing & Vaccines \$403 M
- Rental Assistance \$402 M
 - Includes direct funding of \$143 million provided 8 local governments
- Higher Education \$360 M
- Transportation \$257 M
 - Does not include funding for greater DC metro area of \$830 M
- Child Care Block Grant \$130 M



FY 21 – 22 Budget Overview

- Budget picture much improved since May
 - Revenue outlook not nearly as dire
 - Decisive budget actions
 - Immediate hiring and spending freeze
 - BPW reductions in May and July
 - Federal Funding
 - Enhanced Medicaid match
 - Coronavirus Relief Fund assistance through the CARES Act
- Challenges remain
 - Revenue estimates still more than \$900 million less than March over two fiscal years
 - Unemployment remains high at 6.8% as of November
 - Businesses and individuals still struggling



FY 21 – 22 Budget Overview

- Budget complies with SAC recommendations on General Fund surplus and Rainy Day Fund balance
- Reserves set aside to cover additional COVID related expenditures such as PPE, quarantine pay, and other pandemic expenses not covered with federal funds
- Budget provides relief to Marylanders in need
 - \$1 billion in direct stimulus and tax relief through the RELIEF ACT
 - Budget supports enhanced TCA benefit of \$100 a month for 6 months
 - Health care provider rates fully funded in FY 21 & 22 budget; FY 22 rates started 6 months early



FY 21 – 22 Budget Overview (cont.)

- Budget fully funds all K-12 mandates
 - Budget includes \$213 million in hold harmless funding so every jurisdiction receives more than FY 21
- Budget provides healthcare coverage to more than 1.5 million Marylanders (about 25%)
- Supports 21,000 children through the Childcare Scholarship program
- Provides 341,000 households with SNAP benefits and 255,000 with energy assistance benefits
- Record funding under the Justice Reinvestment Act to continue efforts to reduce crime and recidivism.



MARYLAND RELIEF ACT

Emergency legislative package to provide more than \$1 billion in direct stimulus and tax relief.

- Support 55,000 Maryland businesses by providing sales tax credits of up to \$12,000 for four months. (Cost \$300 million)
- Extends unemployment tax relief for small businesses. (Cost \$218 million)
- Safeguards Maryland businesses against any tax increase triggered by the use of State loan or grant funds. (Cost \$40 million)



MARYLAND RELIEF ACT

- Provide rebates to more than 400,000 recipients of the Earned Income Tax Credit
 - \$500 for families and \$300 for individuals who claimed the credit in Tax Year 2019.
 - \$250 for families and \$150 for individuals who claim the credit in Tax Year 2020.
 - (Cost \$270 million)
- Permanently repeal the state income tax on unemployment benefits. (Cost \$180 million)



Historic Funding for K-12

- The FY 22 budget provides \$7.5 billion, a 2.6% increase
- Record funding for the 7th year in a row.
- The FY 22 budget does the following:
 - Fully funds every mandate;
 - Provides \$500 million for BluePrint initiatives;
 - Despite a sizable 5.3% decline in K-12 enrollment, every jurisdiction will receive more aid than it received in FY 21.
 - Local governments must increase school aid in FY 22 compared to FY 21.



K-12 Education continued

- \$151 million for targeted tutoring grants in every local jurisdiction across the State
- \$53.7 million for full day pre-kindergarten grants
- \$23 million for supplemental instruction for struggling learners
- \$5 million is provided in additional State funds to reinforce support for the Child Care Scholarship Program



Health Care

- Budget assumes Medicaid services will be offered to roughly a quarter of all Maryland residents
- Provide a one-time 4% provider rate enhancement in FY 21 and fully fund all provider rates in FY at statutory levels.
- Historic funding for Behavioral Health services
- Provides \$5 million in funding to address the issue of hospital overstays for youth



Human Services

- A benefit of an additional \$100 per month for 6 months is provided to every recipient of Temporary Cash Assistance.
 - For a family of 4, this translates into an additional \$2,400, an increase of 46% per month.
- \$1.2 billion in federal SNAP benefits for more than 341,000 households.
 - SNAP recipients receiving an enhanced benefit in FY 21
- Additional funding is providing to support children who age out of the foster care system.

Higher Education

- \$32 million to continue the development and expansion of critical workforce programs at University of Maryland schools.
- \$3.5 million to launch a new Center for Urban Health Disparities Research & Innovation at Morgan State University
- Record funding of \$263 million for 15 local community colleges under the Cade formula.
 - State aid per FTE student has grown by 57% since Governor Hogan took office.
- Private Colleges and Universities are funded at \$59 million
 - 42% growth in state support since Governor Hogan took office.



College Affordability

- For the 6th year in a row, growth in resident undergraduate tuition is held to no more than 2%.
- \$15 million in FY 2022 and an additional \$3.5 million in FY 21 for the Community College Promise Scholarship.
- \$10.1 million in FY 22 and an additional \$2.4 million in FY 2021 to provide the State match to more than 26,500 eligible MD 529 accounts.
- \$9 million in student loan tax credits and \$2 million for SmartWork student loan repayment assistance for State employees in critical workforce areas.



Public Safety

- As a result of declining facility population, the budget reflects:
 - \$18 million in savings from reduced correctional officer overtime and \$5 million in operating savings.
 - \$13 million in savings due to juvenile justice system reform efforts.
- Record funding of \$9.6 million for Justice Reinvestment Act initiatives
- More than \$4 million for COVID-19 related costs at correctional facilities and community supervision offices
- Nearly \$75 million in police aid to local jurisdictions and more than \$43 million in direct local law enforcement grants.
- Nearly \$3 million over two years to address rape kit testing backlogs at the local level.



Natural Resources and the Environment

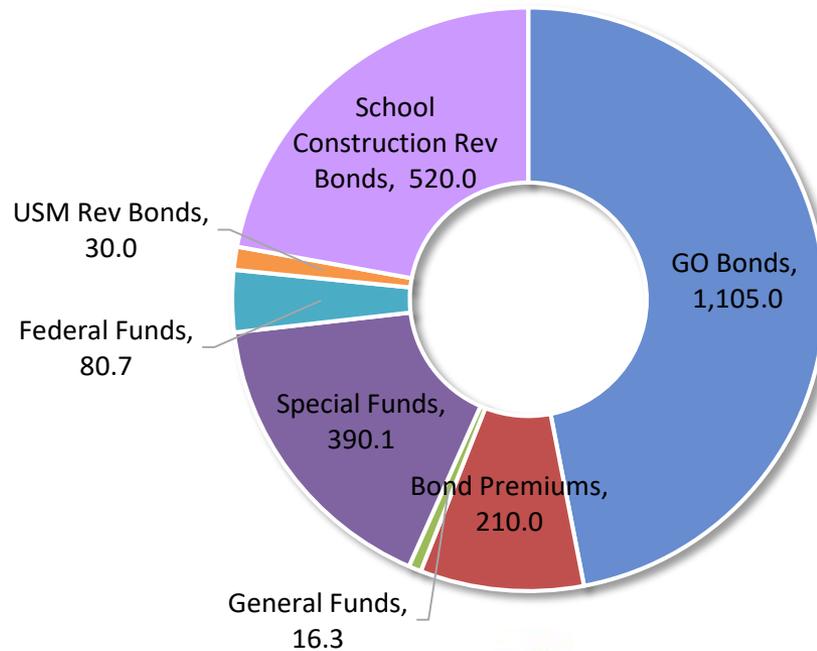
- For the 6th year in a row, the Hogan Administration has fully funded Chesapeake Bay restoration efforts
 - \$48.8 million for the Bay 2010 Trust Fund
- For the 4th year in a row, the budget fully funds transfer tax programs at the statutory level.
- Nearly \$54 million for the Maryland Park Service – 29% increase in visitors in FY 2020.
- \$4 million to extend the expired zero emissions vehicle tax credit.
- Additional \$1 million in State funds for lead poisoning prevention activities in the Department of the Environment

Capital Budget

Where It Comes From

Capital Budget Fund Sources

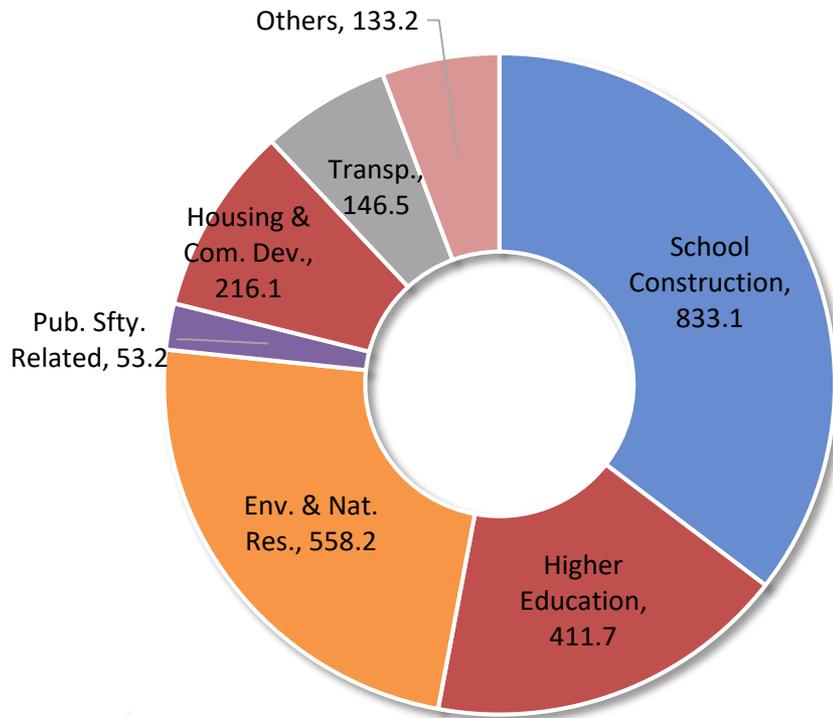
\$millions - Total \$2.4 billion



Capital Budget Where It Goes

All funds

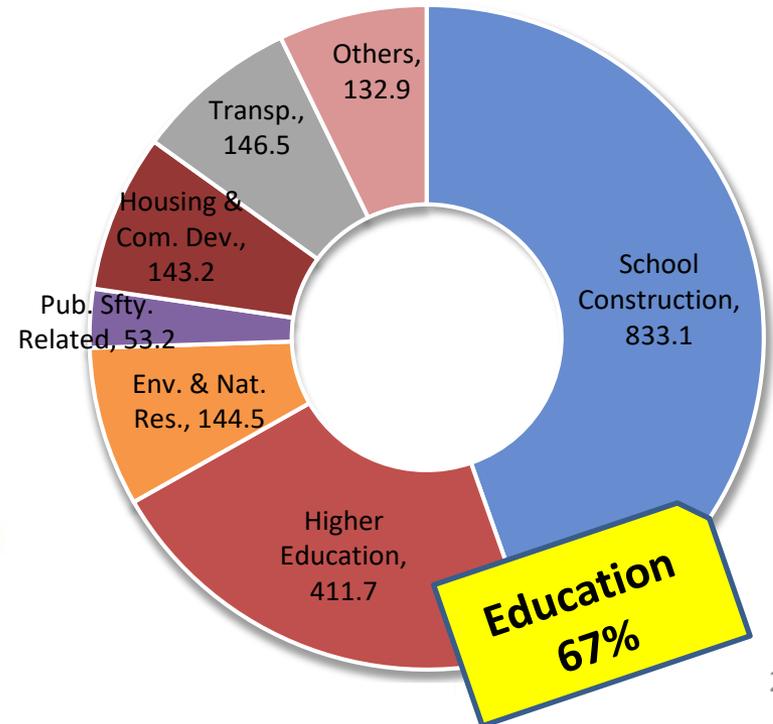
\$millions - Total \$2.4 billion



Bond funding

GO Bonds, Bond Premiums,
Rev. Bonds

\$millions - Total \$1.9 billion



Capital Budget - K-12 Education

- \$833 million for School Construction
 - A new record amount
- \$520 million in revenue bonds to begin \$2.2 billion “Built to Learn” initiative
- Includes funding for School Safety grants, Aging Schools program, and Non-public Schools



Capital Budget - Higher Education

- \$411 million for higher education projects
 - Several major projects focus on healthcare professions
- Major projects at all four Maryland HBCUs
 - Bowie MLK Bldg., Coppin Percy Julian Bldg., Morgan Health and Human Services, UMES Pharmacy Bldg.
- \$256 million for USM
 - College Park Chemistry, Towson Health Professions, Frostburg Education and Health Sciences
- \$80.9 million for Community Colleges
- \$70 million for capital maintenance and infrastructure at college and university campuses



Capital Budget - Helping Communities and Businesses

- Record funding of \$216 million for Housing and Community Development
 - \$55 million over planned amount
- \$62 million for Rental Housing Works
- \$21 million for strategic demolition to help communities revitalize
- \$18 million for Neighborhood Business Works
- \$15 million to support rural broadband access
- \$29 million GO Bonds and GF Paygo for Baltimore area, Capital area, and “Seed” development programs

Capital Budget – Other Highlights

- \$146.5 million in GO Bonds to assist transportation
 - \$125 million for WMATA
 - \$21.5 million for Howard Street Tunnel
- \$100 million in GO Bonds for Program Open Space, land preservation, and parkland improvements
- \$53 million for public safety-related projects
 - \$11.4 million for Berlin State Police Barrack and Crime Lab
- \$50 million to fund repairs and improve infrastructure at state buildings and parks
- \$32 million for healthcare-related projects