



FY 23 Budget Overview



Prudent Investments to help
Vulnerable Marylanders and
Position a Changed Maryland
for a Brighter Future



MEETING AGENDA

- Governor Hogan's 5-Point Plan
- Operating Budget Highlights
- Capital Budget Highlights
- Fiscal Responsibility



Governor Hogan's 5-Point Plan

- Strengthening the Rainy Day Fund
- Major Tax Relief for Retirees
- Direct Tax Relief for Hardworking Maryland families
- Relief for Vulnerable Marylanders
- Enhancements for State Employees



Strengthening the Rainy Day Fund

- Record contribution of \$2.4 billion as part of the FY 23 budget
- FY 23 estimated balance of almost \$3.6 billion, or 15.9% of revenues
- The Administration's budget plan maintains a balance in excess of \$3 billion a year
 - The FY 27 balance equals about 12% of revenue



Tax Relief for Retirees & Hardworking Maryland Families

- The Retirement Tax Reduction Act will phase-in the elimination of taxes on all income over 6 years
 - The first-year exclusion of \$10,000 will remove 70,000 lower-income seniors from the tax rolls.
- The Working Marylanders Tax Relief Act will make permanent the refundable enhanced earned income tax credit (REITC) in the RELIEF Act of 2021.
 - This will help almost 300,000 hardworking Maryland families



Relief for Vulnerable Marylanders

- Improve various energy assistance programs including MEAP, EUSP, and Weatherization
 - More than 100,000 Marylanders will see their minimum benefit increased by at least 66% at a cost of \$90 million
- Fully fund increased Temporary Disability Assistance Program benefit 5 years early
 - Assists more than 11,000 at a cost of \$7.7 million
- Enhanced Senior Supplemental Nutrition Assistance Program (SNAP) funding of \$6.6 million
 - Monthly benefit increased 33% for 27,000 seniors
- Summer SNAP funding increased by \$5 million
 - Will support 50,000 students during summer months



Enhancements for State Employees

- Most employees will receive:
 - FY 22 - 1% COLA, 2 – 4% increment, \$1,500 bonus
 - FY 23 - 3% COLA, 2 – 4% increment
 - FY 24 - 2% COLA
- \$35 million to support hiring and retention of correctional officers
- Salary adjustments for registered nurses, crime scene technicians, and police communication operators
- In total, the budget includes more than \$850 million for salary enhancements for FY 22 & 23

Historic Funding for K-12

- The FY 23 budget provides \$8.15 billion for K-12 education and \$1.0 billion for school construction.
- Record funding for the 8th year in a row.
- Since FY 2015, per pupil funding has increased from \$7,198 to \$9,081, an increase of 26.2%
- The FY 23 budget does the following:
 - Fully funds every mandate;
 - Increases direct aid by \$610.9 million, or 5.7%.
 - For the 7th consecutive year the budget provides additional funding over the mandates, this totals \$722.8 million since the start of the Hogan Administration.
 - Fully funds the last year of the “Hogan Lockbox”.



K-12 Education continued

- Additional funding above the mandates includes, \$57.3 million in compensatory education and \$94.6 million in enhanced prekindergarten enrollment funding.
- \$49.9 million more supplemental instruction over FY 22 bringing the total amount spent to \$138.9 million since FY 20.
- Funding for low-income students grows by \$80.6 million.
- \$50 million is provided in FY 22 for stabilization grants to childcare centers.



Health Care

- Budget assumes Medicaid services will be offered to roughly a quarter of all Maryland residents
- Increases the rate paid to doctors to 100% of Medicare and fully funds all other provider rates.
 - Increases the Medicaid dental reimbursement rates by \$19.6 million, representing the first increase since 2004 for some rates.
- Historic funding for mental health and substance abuse disorder programs, including \$50 million for the Maryland Consortium on Coordinated Community Supports.
- Record funding of \$75 million for aid to local health departments, a \$23.4 million increase.



Human Services

- \$1.96 billion in federal SNAP benefits for more than 390,000 households
- \$100+ million to create a Temporary Assistance for Needy Families reserve
- \$15 million increase across FY 22 and 23 for foster care providers
- \$10 million in new funding to support foodbanks
- \$6 million in additional Department of Aging funding including \$3 million for expanded services and \$3 million for locals to support expanded programming
- \$5 million more in additional funding to support homelessness programs (bringing the total to \$11 million)



Higher Education

- More than \$2 billion for state-operated institutions, nearly \$300 million or 17% more than FY 2022, after accounting for planned salary increases.
 - \$20 million to expand student mental health, counseling and support services at USM.
 - \$3 million for a new Center for Cybersecurity at UMBC.
 - \$3 million for a new Center for Equitable Artificial Intelligence and \$2 million for a new Center on Urban Violence Prevention at Morgan State University.
- \$37.5 million for the Historical first year funding of a 10-year \$577 million commitment to the Historically Black Colleges and Universities.
- Historic investment of \$349 million for 15 local community colleges under the Cade formula – a \$59 million increase over FY 2022.
 - State support per student has grown by 130% since Governor Hogan took office.
- Record funding of nearly \$119 million for the independent colleges and universities – a \$29.8 million increase over FY 2022.
 - State support per student has grown by 172% since Governor Hogan took office.
- \$100 million for a multi-year investment in campus facilities renewal.

College Affordability

- For the seventh year in a row, growth in resident undergraduate tuition at USM is held to no more than 2%.
- \$168 million for student financial aid programs, including record funding of \$100 million for Educational Excellence Awards, which provide need-based aid to an estimated 30,000 students
 - Student financial aid funding has grown by 60% or \$63 million since FY 2015.
- \$15 million for the Community College Promise Scholarship.
- A \$2 million increase for the 2+2 Transfer Scholarship program to assist students moving from community colleges to four-year institutions.
- \$11 million to provide the State match to nearly 24,000 eligible MD 529 accounts and \$9 million in student loan tax credits.



Public Safety

- More than \$500 million over 3 years to support the Police funding initiative including:
 - \$190 million over 3 years to support competitive salaries for police agencies
 - \$10 million for neighborhood public safety grants
 - \$8 million to purchase body cameras and support de-escalation training for state and local police agencies
- \$122 million in police aid to local jurisdictions – an increase of \$45 million – and more than \$60 million in direct local law enforcement grants.
- Record funding of \$13.3 million for Justice Reinvestment Act initiatives

Natural Resources and the Environment

- For the 7th year in a row, the Hogan Administration has fully funded Chesapeake Bay restoration efforts
- For the 5th year in a row, the budget fully funds transfer tax programs at the statutory level.
- \$74 million for the Maryland Park Service
 - The FY 23 budget represents a 20-year high and under the Hogan Administration funding for the Park Service budget has increased 71%
- \$263 million to support land preservation programs at the state and local level
- \$42 million to address critical maintenance projects at state parks

Making Government Work

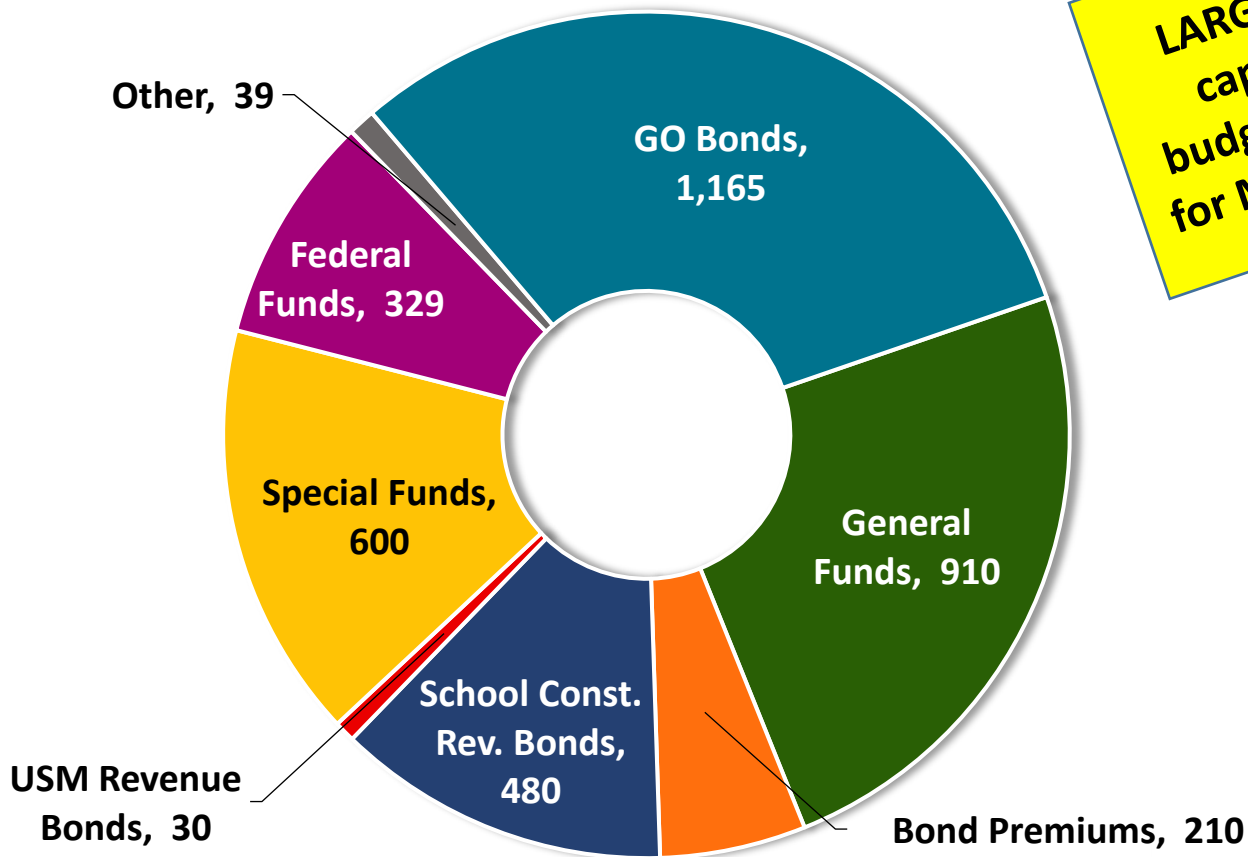
- \$344 million in Major IT funding to support 44 major projects, including the last year of development for MD THINK
- \$120 million in renewal and critical maintenance of state facilities
- \$100 million to help protect against cybersecurity incidents
- \$100 million in additional funding above actuarial estimates to support the pension system
 - System now funded at 76.9%; will hit 80% well funded status in 2 years
- \$70 million in additional funding to end the state's practice of relying on bond premium to pay for debt service
- \$15 million to settle outstanding workers' compensation claims
- \$10 million to replenish the Catastrophic Event Account to assist communities impacted by natural disasters

FY 2023 Capital Budget

Where It Comes From

Total: \$3.76 billion

(\$ in millions)



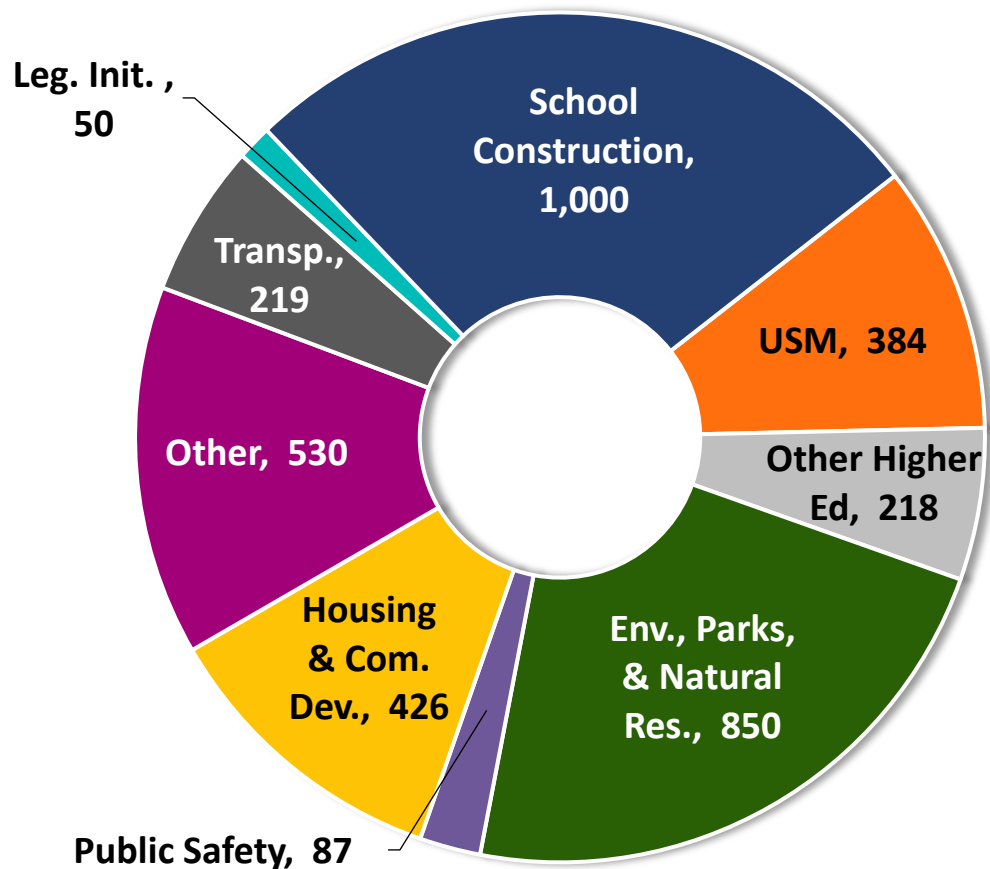
LARGEST
capital
budget ever
for Maryland

FY 2023 Capital Budget

Where It Goes

Total \$3.76 billion

(\$ in millions)





Capital Budget – Collaborative Efforts Put Marylanders First

- Funds all capital budget mandates
 - \$148 million in mandates, plus \$146 million in enhancements to mandated programs
- Funds all projects pre-authorized by the General Assembly for FY 2023
 - Adjustments made based on cash flow need
 - Includes construction funds for \$118 million Legislative Services Building
- Provides \$471 million to upgrade and renew aging infrastructure and address critical maintenance across the state
 - Includes \$200 million in general funds for Strategic Investments in Facility Renewal
- Includes \$50 million for Legislative Initiatives to fund local priorities



Capital Budget – Record Funding for School Construction

- **\$1 billion** for School Construction
- Includes \$480 million in revenue bonds to continue \$2.2 billion “Built to Learn” initiative
- Enhanced funding for Public School Construction, Supplemental Capital Grant Program, and Healthy School Facility Fund
- \$4.5 billion total for school construction through Hogan Administration (FY 2016 – 2023)



Capital Budget – Investing in Higher Education

- **\$601 million** for higher education projects
 - Several major projects focus on healthcare professions
- \$178 million for facility renewal and infrastructure at college and university campuses
- \$185 million for projects at all four Maryland HBCUs
 - Morgan - \$97.6 million; Bowie - \$73.3 million; UMES - \$10.4 million; Coppin - \$3.4 million
- \$384 million for University System of Maryland
 - Examples: College Park Chemistry Wing 1, Towson Health Professions, UMBC Sherman Hall
- \$96.6 million for community colleges
 - \$85.4 million for local community colleges
 - \$11.2 million for Baltimore City Community College



Capital Budget – Record Funding for Housing and Community Development

- **\$426 million** for housing and neighborhood revitalization
 - \$268 million over previous planned amount
- \$171 million in federal funds to support statewide broadband access
- \$151 for housing programs
 - Includes \$67.5 million for Rental Housing and \$12 million for Partnership Rental Housing
- \$30 million for strategic demolition, including \$21 million to conclude Project C.O.R.E. in Baltimore City
 - \$137 million for C.O.R.E. since FY 2016 exceeds Governor’s \$75 million initial commitment
- \$25 million for Neighborhood Business Works



Capital Budget – Record Funding for Environment, Parks, and Natural Resources

- **\$850 million** total funding to protect Maryland’s natural resources and improve parks and outdoor spaces
 - \$120 million more than provided in FY 2022, and \$274 million or nearly 50% more than previously planned for FY 2023
- \$313 million to protect the Chesapeake Bay
 - \$31 million to dredge the Conowingo Dam and improve the watershed
- \$276 million for land preservation (Agricultural Land Preservation Program, Program Open Space, and Rural Legacy)
 - \$30.5 million for transfer tax payback of prior year redirections, \$24.6 million of which will fund capital projects
 - \$98.5 million total will be paid back under Hogan Administration
- \$181 million to address critical maintenance, infrastructure, and other needs at Maryland’s parks and open spaces
 - \$85 million to continue Local Parks and Playgrounds Infrastructure



Capital Budget – Addressing Other Needs Across Maryland

- \$219 million to assist in transportation improvements
 - \$167 million for WMATA
 - \$51.5 million for the Howard Street Tunnel
- \$214 million to improve state and judicial facilities
 - \$110 million for facility renewal projects managed by the Department of General Services
- \$87 million for public safety projects
 - \$13 million to continue design of the Therapeutic Treatment Center in Baltimore City
- \$63 million for the state’s share of a \$180 million new State Veterans Home
 - Second Veterans Home in Maryland and the first new facility since 1985
- \$64 million to address capital needs of healthcare-related facilities across Maryland



Governor Hogan's FY 23 Budget

- Helps Vulnerable Marylanders
- Provides much needed tax relief to hardworking Maryland families and retirees
- Invests record amounts for capital project funding
 - Additional cash funding of \$400+ million is included in the outyears to continue supplementing the capital program
- Positions Maryland for a brighter future by:
 - Leaving a structurally balanced budget in FY 23 and every year throughout the forecast period
 - Saving \$3+ BILLION in the Rainy Day Fund to protect Maryland residents and taxpayers against future economic downturns