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 7\textsuperscript{th} year in a row, the Hogan Administration has fully funded Chesapeake Bay restoration efforts
• For the 5\textsuperscript{th} 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)

GO Bonds, 1,165
General Funds, 910
School Const. Rev. Bonds, 480
USM Revenue Bonds, 30
Special Funds, 600
Federal Funds, 329
Bond Premiums, 210
Other, 39

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 million 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