Spending Affordability Committee
Technical Supplement

Department of Legislative Services
Office of Policy Analysis
Annapolis, Maryland

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Contents

Fiscal 2024 Baseline Budget
Technical Supplement Overview

The Baseline Process

The baseline budget is an estimate of the cost of government services in the next budget year assuming:

- current laws, policies, and practices are continued;
- legislation, federal mandates, and multi-year commitments supported by the legislature are implemented and funded;
- efficiency is maintained at current levels;
- nondiscretionary changes in workload are recognized;
- unavoidable shortfalls in budgeted expenditures during the current fiscal year are funded as deficiencies;
- inflationary increases in costs are provided; and
- salary adjustments are funded consistent with statutory requirements and known legislative or executive intent.

General Assumptions

Forecasts of individual agency budget requirements are based on amounts appropriated for fiscal 2023. Adjustments are made to remove funds allowed for one-time or limited-time purposes and to add funds as required to recognize expenses associated with legislation, new facilities, changes in caseloads, changes in contract costs, and continuing expenses related to fiscal 2023 budget deficiencies. The baseline estimate also allows for changes in personnel costs and inflationary increases in the cost of operating expenses.

Nonpersonnel Operating Cost Assumptions

Statewide fiscal 2023 funding is believed to be insufficient to cover certain costs due to current inflation expectations. The baseline assumes deficiency appropriations of $14 million for electricity, $8.5 million for food, and $8 million for prescription drugs in total funds. In addition, the baseline also assumes inflationary changes in specific subobjects. Specific inflation assumptions are:

- prescription drugs at State facilities (3.6%);
- utilities and electricity (2.6%);
- postage (0.75%);
- natural gas (-3.0%);
- gas and oil (-3.7%); and
- food (3.0%).

Zero inflation is assumed for all other items.

Assumptions Regarding Supplemental Budgets and Funding Restricted in the Rainy Day Fund

The fiscal 2024 baseline assumes that $69 million restricted in the Rainy Day Fund to be used for various purposes are used as intended. These funds have not been released to agencies to spend. In addition, the fiscal 2024 baseline assumes $1.5 billion of funding provided in various Supplemental Budgets, including $800 million provided in the Dedicated Purpose Account (DPA) in Supplemental Budget No. 4 for pay-as-you-go (PAYGO) funding and $348.1 million provided in the DPA in Supplemental Budget No. 5 for various agency, entitlement, local aid, and PAYGO expenditures are one-time in nature.

Assumptions Regarding Federal Stimulus Funds

The fiscal 2024 baseline includes adjustments reflecting the removal of federal stimulus funds budgeted in fiscal 2023 that will no longer be available in fiscal 2024. The fiscal 2024 baseline does not reflect most federal funds available through the federal Infrastructure Investment and Jobs Act or Inflation Reduction Act, as in most cases actual funding allocations are not yet known. As a result, the fiscal 2024 baseline does not provide a complete portrayal of federal funds in many areas, and year-to-year comparisons are distorted.

Baseline Results

Overall, the baseline budget projects budget growth as indicated below by fund type.

Projected Baseline Budget
Fiscal 2023-2024
($ in Millions)

Fund[1]	Adjusted Appropriation 2023[4]	Baseline 2024	$ Change 2023-2024	% Change 2023-2024
General[2]	$27,819.1	$25,565.0	-$2,254.2	-8.1%
Special/Higher Education[3]	14,684.7	16,502.9	1,818.2	12.4%
Federal	19,019.5	16,332.4	-2,687.2	-14.1%
Total	**$61,523.4**	**$58,400.2**	**-$3,133.2**	**-5.1%**

(1) Excludes reimbursable and nonbudgeted funds.
(2) Net of reversions.
(3) Higher education funds include current restricted and unrestricted funds net of general and special fund appropriations.
(4) Adjusted for estimated deficiencies and reversions.

Note: The fiscal 2023 adjusted appropriation excludes $195.9 million of special funds that double counts other spending. It includes $45.0 million in targeted reversions and $483.9 million in anticipated deficiencies. The fiscal 2024 baseline excludes $177.0 million of special funds that double counts other spending.

Source: Department of Legislative Services

The tables on the following pages summarize the budgetary changes by major category of expenditure. Fiscal 2023 deficiencies are discussed next as part of the *Technical Supplement* Overview. Separate sections of the *Technical Supplement* present the assumptions used for estimates for select State agencies, aid to local governments, entitlements, debt service, and capital programs. Generally, the descriptions in the *Technical Supplement* are for adjustments greater than $100,000. The baseline estimates described in this document represent the judgments of the Department of Legislative Services as of November 1, 2022. Actions subsequent to that date or further changes to the economic picture are not reflected here.

State Expenditures – General Funds
Fiscal 2022-2024
($ in Millions)

Category	Working Approp. 2022	Leg. Approp. 2023	Leg. Priorities 2023[1]	Adjusted Leg. Approp. 2023	Baseline 2024	$ Change 2023-2024	% Change 2023-2024
Debt Service	$260.0	$430.0	$0.0	$430.0	$482.0	$52.0	12.1%
County/Municipal	$314.7	$388.5	$0.0	$388.5	$340.7	-$47.8	-12.3%
Community Colleges	371.5	435.3	0.0	435.3	458.3	23.0	5.3%
Education/Libraries	6,601.2	7,121.0	0.0	7,121.0	7,134.8	13.8	0.2%
Health	60.4	104.0	0.0	104.0	113.9	9.9	9.5%
Aid to Local Governments	***$7,347.9***	***$8,048.8***	***$0.0***	***$8,048.8***	***$8,047.6***	***-$1.2***	***0.0%***
Foster Care Payments	$215.2	$234.5	$0.0	$234.5	$250.6	$16.0	6.8%
Assistance Payments	104.4	128.7	0.0	128.7	78.1	-50.7	-39.4%
Medical Assistance	3,978.7	4,274.0	0.0	4,274.0	4,807.7	533.7	12.5%
Property Tax Credits	102.9	105.3	0.0	105.3	82.2	-23.1	-21.9%
Entitlements	***$4,401.3***	***$4,742.6***	***$0.0***	***$4,742.6***	***$5,218.6***	***$476.0***	***10.0%***
Health	$1,729.1	$2,103.2	$8.5	$2,111.7	$2,172.8	$61.1	2.9%
Human Services	398.5	407.1	0.0	407.1	460.0	52.9	13.0%
Juvenile Services	254.9	282.1	0.0	282.1	315.3	33.2	11.8%
Public Safety/Police	1,272.3	1,640.9	1.5	1,642.4	1,902.1	259.7	15.8%
Higher Education	1,544.0	1,787.4	0.0	1,787.4	2,251.1	463.7	25.9%
Other Education	604.0	712.5	0.0	712.5	663.0	-49.5	-7.0%
Agriculture/Natural Res./Environment	172.7	177.1	1.5	178.6	234.4	55.8	31.3%
Other Executive Agencies	1,149.4	1,896.2	53.8	1,950.0	1,256.2	-693.8	-35.6%
Judiciary	586.5	630.9	0.0	630.9	671.3	40.4	6.4%
Legislative	106.2	136.0	0.0	136.0	147.5	11.5	8.5%
State Agencies	***$7,817.5***	***$9,773.5***	***$65.3***	***$9,838.7***	***$10,073.7***	***$235.0***	***2.4%***
Total Operating	***$19,826.7***	***$22,994.9***	***$65.3***	***$23,060.2***	***$23,822.0***	***$761.8***	***3.3%***
Capital [2]	$458.7	$2,262.9	$3.8	$2,266.7	$666.6	-$1,600.1	-70.6%
Subtotal	***$20,285.4***	***$25,257.8***	***$69.0***	***$25,326.8***	***$24,488.5***	***-$838.3***	***-3.3%***
Reserve Funds [3]	$879.6	$2,606.3	-$69.0	$2,537.3	$1,111.4	-$1,425.9	-56.2%
Appropriations	**$21,165.1**	**$27,864.1**	**$0.0**	**$27,864.1**	**$25,600.0**	***-$2,264.2***	***-8.1%***
Reversions	-$35.0	-$45.0	$0.0	-$45.0	-$35.0	$10.0	-22.2%
Grand Total	**$21,130.1**	**$27,819.1**	**$0.0**	**$27,819.1**	**$25,565.0**	**-$2,254.2**	***-8.1%***

(1) The General Assembly reduced the allowance in the Rainy Day Fund by $69 million but provided authorization for those funds to be used for a variety of purposes. However, spending the $69 million is at the discretion of the Governor.
(2) Includes the Historic Revitalization Tax Credit Reserve Fund. Fiscal 2023 includes $1.3 billion budgeted in the Dedicated Purpose Account (DPA) of which $10 million is for the Historic Revitalization Tax Credit Reserve Fund.
(3) The fiscal 2023 legislative appropriation for the Reserve Funds excludes $370 million budgeted in the DPA in Supplemental Budget No. 5. This amount is included in various other categories where it is intended to be spent. The fiscal 2023 legislative appropriation for the Reserve Fund also excludes $1.23 billion funds in the DPA for capital purposes including funds provided in Supplemental Budget No. 4, which is reflected in the Capital category.

Note: The fiscal 2022 working appropriation reflects $33.6 million in targeted reversions. The fiscal 2023 appropriation reflects estimated deficiencies of -$205.0 million.

State Expenditures – Special and Higher Education Funds*
Fiscal 2022-2024
($ in Millions)

Category	Working Appropriation 2022	Legislative Appropriation 2023	Baseline 2024	$ Change 2023-2024	% Change 2023-2024
Debt Service	$1,574.3	$1,480.5	$1,449.5	-$31.0	-2.1%
County/Municipal	$460.2	$492.1	$551.3	$59.2	12.0%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	805.3	875.9	1,298.1	422.2	48.2%
Health	0.0	0.0	0.0	0.0	n/a
Aid to Local Governments	***$1,265.5***	***$1,368.0***	***$1,849.5***	***$481.4***	***35.2%***
Foster Care Payments	$2.8	$2.9	$2.6	-$0.3	-11.5%
Assistance Payments	14.4	12.7	12.7	0.0	0.0%
Medical Assistance	824.6	754.5	687.9	-66.6	-8.8%
Property Tax Credits	9.9	0.0	0.0	0.0	n/a
Entitlements	***$851.6***	***$770.1***	***$703.2***	***-$66.9***	***-8.7%***
Health	$466.3	$582.4	$718.6	$136.2	23.4%
Human Services	95.0	147.0	151.5	4.4	3.0%
Juvenile Services	3.4	2.3	2.6	0.3	12.2%
Public Safety/Police	138.5	139.4	168.0	28.6	20.5%
Higher Education	5,215.8	4,921.2	5,178.7	257.6	5.2%
Other Education	101.9	189.3	279.8	90.5	47.8%
Transportation	2,011.6	1,879.5	2,277.8	398.3	21.2%
Agriculture/Natural Res./Environment	288.7	337.8	360.1	22.4	6.6%
Other Executive Agencies	1,072.6	1,137.0	1,138.1	1.0	0.1%
Judiciary	67.6	64.5	81.6	17.1	26.5%
State Agencies	***$9,461.4***	***$9,400.4***	***$10,356.8***	***$956.5***	***10.2%***
Total Operating	**$13,152.9**	**$13,019.0**	**$14,358.9**	**$1,340.0**	**10.3%**
Capital	$2,093.2	$1,665.7	$2,143.9	$478.2	28.7%
Transportation	1,557.2	1,090.4	1,267.8	177.4	16.3%
Environment	259.8	217.4	162.0	-55.4	-25.5%
Other	276.2	357.9	714.1	356.2	99.5%
Subtotal	***$15,246.0***	***$14,684.7***	***$16,502.9***	***$1,818.2***	***12.4%***
Reserve Funds	0.0	0.0	0.0	0.0	n/a
Grand Total	**$15,246.0**	**$14,684.7**	**$16,502.9**	**$1,818.2**	**12.4%**

* Includes higher education fund (current unrestricted and current restricted) net of general and special funds.

Note: The fiscal 2023 appropriation reflects estimated deficiencies of $61.1 million. Fiscal 2022 excludes $20.7 million, fiscal 2023 excludes $195.9 million, and fiscal 2024 excludes $177.0 million that double counts other spending.

State Expenditures – Federal Funds
Fiscal 2022-2024
($ in Millions)

Category	Working Appropriation 2022	Legislative Appropriation 2023	Baseline 2024	$ Change 2023-2024	% Change 2023-2024
Debt Service	$11.0	$9.0	$7.0	-$2.0	-21.7%
County/Municipal	$74.7	$74.8	$74.8	$0.0	0.0%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	3,599.9	1,072.6	1,026.6	-46.0	-4.3%
Health	13.5	0.0	0.0	0.0	n/a
Aid to Local Governments	***$3,688.1***	***$1,147.4***	***$1,101.4***	***-$46.0***	***-4.0%***
Foster Care Payments	$90.8	$76.7	$79.3	$2.6	3.3%
Assistance Payments	4,296.3	2,038.0	1,345.5	-692.5	-34.0%
Medical Assistance	9,188.0	9,061.2	8,118.3	-943.0	-10.4%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
Entitlements	***$13,575.1***	***$11,176.0***	***$9,543.1***	-	***-14.6%***
Health	$2,703.5	$2,201.0	$1,923.1	-$277.9	-12.6%
Human Services	710.8	606.3	627.3	21.0	3.5%
Juvenile Services	5.5	6.9	7.4	0.5	7.2%
Public Safety/Police	390.3	38.5	43.9	5.4	13.9%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	844.4	415.5	351.3	-64.2	-15.4%
Transportation	227.5	419.7	194.8	-225.0	-53.6%
Agriculture/Natural Res./Environment	84.9	83.0	91.0	8.0	9.6%
Other Executive Agencies	2,613.6	1,101.3	913.1	-188.2	-17.1%
Judiciary	6.6	0.8	0.8	0.0	3.0%
State Agencies	***$7,586.9***	***$4,873.0***	***$4,152.7***	***-$720.3***	***-14.8%***
Total Operating	**$24,861.1**	**$17,205.4**	**$14,804.1**	**-**	**-14.0%**
Capital	$1,534.9	$1,642.9	$1,528.2	-$114.7	-7.0%
Transportation	1,314.4	1,244.0	1,242.6	-1.4	-0.1%
Environment	58.8	213.5	230.3	16.8	7.9%
Other	161.7	185.5	55.4	-130.1	-70.1%
Subtotal	***$26,396.0***	***$18,848.3***	***$16,332.4***	***-$2,515.9***	***-13.3%***
Reserve Funds	108.1	171.2	0.0	-171.2	-100.0%
Grand Total	**$26,504.1**	**$19,019.5**	**$16,332.4**	**-$2,687.2**	**-14.1%**

Note: The fiscal 2023 appropriation reflects estimated deficiencies of $627.8 million.

State Expenditures – State Funds
Fiscal 2022-2024
($ in Millions)

Category	Working Approp. 2022	Leg. Approp. 2023	Leg. Priorities (1) 2023	Adj. Leg. Approp. 2023	Baseline 2024	$ Change 2023-2024	% Change 2023-2024
Debt Service	$1,834.3	$1,910.5	$0.0	$1,910.5	$1,931.5	$21.0	1.1%
County/Municipal	$774.9	$880.6	$0.0	$880.6	$892.0	$11.3	1.3%
Community Colleges	371.5	435.3	0.0	435.3	458.3	23.0	5.3%
Education/Libraries	7,406.5	7,996.9	0.0	7,996.9	8,432.9	436.0	5.5%
Health	60.4	104.0	0.0	104.0	113.9	9.9	9.5%
Aid to Local Governments	***$8,613.4***	***$9,416.9***	***$0.0***	***$9,416.9***	***$9,897.1***	***$480.2***	***5.1%***
Foster Care Payments	$218.0	$237.5	$0.0	$237.5	$253.2	$15.7	6.6%
Assistance Payments	118.8	141.4	0.0	141.4	90.8	-50.7	-35.8%
Medical Assistance	4,803.3	5,028.5	0.0	5,028.5	5,495.6	467.1	9.3%
Property Tax Credits	112.8	105.3	0.0	105.3	82.2	-23.1	-21.9%
Entitlements	***$5,252.9***	***$5,512.7***	***$0.0***	***$5,512.7***	***$5,921.8***	***$409.1***	***7.4%***
Health	$2,195.4	$2,685.6	$8.5	$2,694.1	$2,891.4	$197.3	7.3%
Human Services	493.5	554.2	0.0	554.2	611.5	57.3	10.3%
Juvenile Services	258.3	284.4	0.0	284.4	317.9	33.5	11.8%
Public Safety/Police	1,410.8	1,780.3	1.5	1,781.8	2,070.1	288.3	16.2%
Higher Education	6,759.7	6,708.6	0.0	6,708.6	7,429.8	721.2	10.8%
Other Education	706.0	901.8	0.0	901.8	942.8	41.0	4.5%
Transportation	2,011.6	1,879.5	0.0	1,879.5	2,277.8	398.3	21.2%
Agriculture/Natural Res./Environment	461.4	514.9	1.5	516.4	594.5	78.2	15.1%
Other Executive Agencies	2,222.0	3,033.3	53.8	3,087.0	2,394.3	-692.7	-22.4%
Judiciary	654.1	695.5	0.0	695.5	752.9	57.5	8.3%
Legislative	106.2	136.0	0.0	136.0	147.5	11.5	8.5%
State Agencies	***$17,278.9***	***$19,173.8***	***$65.3***	***$19,239.1***	***$20,430.5***	***$1,191.5***	***6.2%***
Total Operating	**$32,979.6**	**$36,013.9**	**$65.3**	**$36,079.1**	**$38,180.9**	**$2,101.8**	***5.8%***
Capital (2)	$2,551.9	$3,928.7	$3.8	$3,932.4	$2,810.5	-$1,121.9	-28.5%
Transportation	1,587.4	1,267.4	0.0	1,267.4	1,434.8	167.4	13.2%
Environment	260.5	217.4	0.0	217.4	162.0	-55.4	-25.5%
Other	703.9	2,443.8	3.8	2,447.5	1,213.7	-1,233.9	-50.4%
Subtotal	***$35,531.4***	***$39,942.5***	***$69.0***	***$40,011.5***	***$40,991.4***	***$979.9***	***2.4%***
Reserve Funds (3)	$879.6	$2,606.3	-$69.0	$2,537.3	$1,111.4	-$1,425.9	-56.2%
Appropriations	**$36,411.1**	**$42,548.8**	**$0.0**	**$42,548.8**	**$42,102.8**	**-$446.0**	***-1.0%***
Reversions	-$35.0	-$45.0	$0.0	-$45.0	-$35.0	$10.0	-22.2%
Grand Total	**$36,376.1**	**$42,503.8**	**$0.0**	**$42,503.8**	**$42,067.8**	**-$436.0**	***-1.0%***

(1) The General Assembly reduced the allowance in the Rainy Day Fund by $69 million but provided authorization for those funds to be used for a variety of purposes. However, spending the $69 million is at the discretion of the Governor.
(2) Includes the Historic Revitalization Tax Credit Reserve Fund. Fiscal 2023 includes $1.3 billion budgeted in the Dedicated Purpose Account (DPA) of which $10 million is for the Historic Revitalization Tax Credit Reserve Fund.
(3) The fiscal 2023 legislative appropriation for the Reserve Funds excludes $370 million budgeted in the DPA in Supplemental Budget No. 5. This amount is included in various other categories where it is intended to be spent. The fiscal 2023 legislative appropriation for the Reserve Fund also excludes $1.23 billion funds in the DPA for capital purposes including funds provided in Supplemental Budget No. 4, which is reflected in the Capital category.

Note: The fiscal 2022 working appropriation includes $33.6 million in targeted reversions. The fiscal 2023 appropriation reflects -$143.9 million in estimated deficiencies. Fiscal 2022 excludes $20.7 million, fiscal 2023 excludes $195.9 million, and fiscal 2024 excludes $177.0 million of special funds that double counts other spending.

State Expenditures – All Funds
Fiscal 2022-2024
($ in Millions)

Category	Working Approp. 2022	Legislative Approp. 2023	Leg. Priorities (1) 2023	Adj. Leg. Approp. 2023	Baseline 2024	$ Change 2023-2024	% Change 2023-2024
Debt Service	$1,845.3	$1,919.5	$0.0	$1,919.5	$1,938.5	$19.1	1.0%
County/Municipal	$849.7	$955.4	$0.0	$955.4	$966.8	$11.3	1.2%
Community Colleges	371.5	435.3	0.0	435.3	458.3	23.0	5.3%
Education/Libraries	11,006.4	9,069.5	0.0	9,069.5	9,459.5	390.0	4.3%
Health	73.9	104.0	0.0	104.0	113.9	9.9	9.5%
Aid to Local Governments	***$12,301.5***	***$10,564.3***	***$0.0***	***$10,564.3***	***$10,998.5***	***$434.2***	***4.1%***
Foster Care Payments	$308.8	$314.2	$0.0	$314.2	$332.5	$18.2	5.8%
Assistance Payments	4,415.1	2,179.4	0.0	2,179.4	1,436.2	-743.2	-34.1%
Medical Assistance	13,991.3	14,089.7	0.0	14,089.7	13,613.9	-475.8	-3.4%
Property Tax Credits	112.8	105.3	0.0	105.3	82.2	-23.1	-21.9%
Entitlements	***$18,828.0***	***$16,688.7***	***$0.0***	***$16,688.7***	***$15,464.8***	***-$1,223.9***	***-7.3%***
Health	$4,898.8	$4,886.5	$8.5	$4,895.0	$4,814.4	-$80.6	-1.6%
Human Services	1,204.2	1,160.4	0.0	1,160.4	1,238.8	78.4	6.8%
Juvenile Services	263.8	291.3	0.0	291.3	325.3	34.0	11.7%
Public Safety/Police	1,801.1	1,818.8	1.5	1,820.3	2,114.0	293.7	16.1%
Higher Education	6,759.7	6,708.6	0.0	6,708.6	7,429.8	721.2	10.8%
Other Education	1,550.4	1,317.3	0.0	1,317.3	1,294.1	-23.2	-1.8%
Transportation	2,239.1	2,299.2	0.0	2,299.2	2,472.6	173.3	7.5%
Agriculture/Natural Res./Environment	546.3	597.9	1.5	599.4	685.5	86.2	14.4%
Other Executive Agencies	4,835.6	4,134.5	53.8	4,188.3	3,307.4	-880.9	-21.0%
Judiciary	660.7	696.2	0.0	696.2	753.8	57.5	8.3%
Legislative	106.2	136.0	0.0	136.0	147.5	11.5	8.5%
State Agencies	***$24,865.8***	***$24,046.8***	***$65.3***	***$24,112.1***	***$24,583.2***	***$471.1***	***2.0%***
Total Operating	**$57,840.7**	**$53,219.2**	**$65.3**	**$53,284.5**	**$52,985.1**	**-$299.4**	**-0.6%**
Capital (2)	$4,086.7	$5,571.6	$3.8	$5,575.4	$4,338.7	-$1,236.6	-22.2%
Transportation	2,901.8	2,511.4	0.0	2,511.4	2,677.4	166.0	6.6%
Environment	319.3	451.1	0.0	451.1	402.2	-48.9	-10.8%
Other	865.6	2,609.1	3.8	2,612.8	1,259.1	-1,353.7	-51.8%
Subtotal	***$61,927.4***	***$58,790.8***	***$69.0***	***$58,859.8***	***$57,323.8***	***-$1,536.1***	***-2.6%***
Reserve Funds (3)	$987.7	$2,777.5	-$69.0	$2,708.5	$1,111.4	-$1,597.1	-59.0%
Appropriations	**$62,915.2**	**$61,568.4**	**$0.0**	**$61,568.4**	**$58,435.2**	**-$3,133.2**	***-5.1%***
Reversions	-$35.0	-$45.0	$0.0	-$45.0	-$35.0	$10.0	-22.2%
Grand Total	**$62,880.2**	**$61,523.4**	**$0.0**	**$61,523.4**	**$58,400.2**	**-$3,133.2**	***-5.1%***

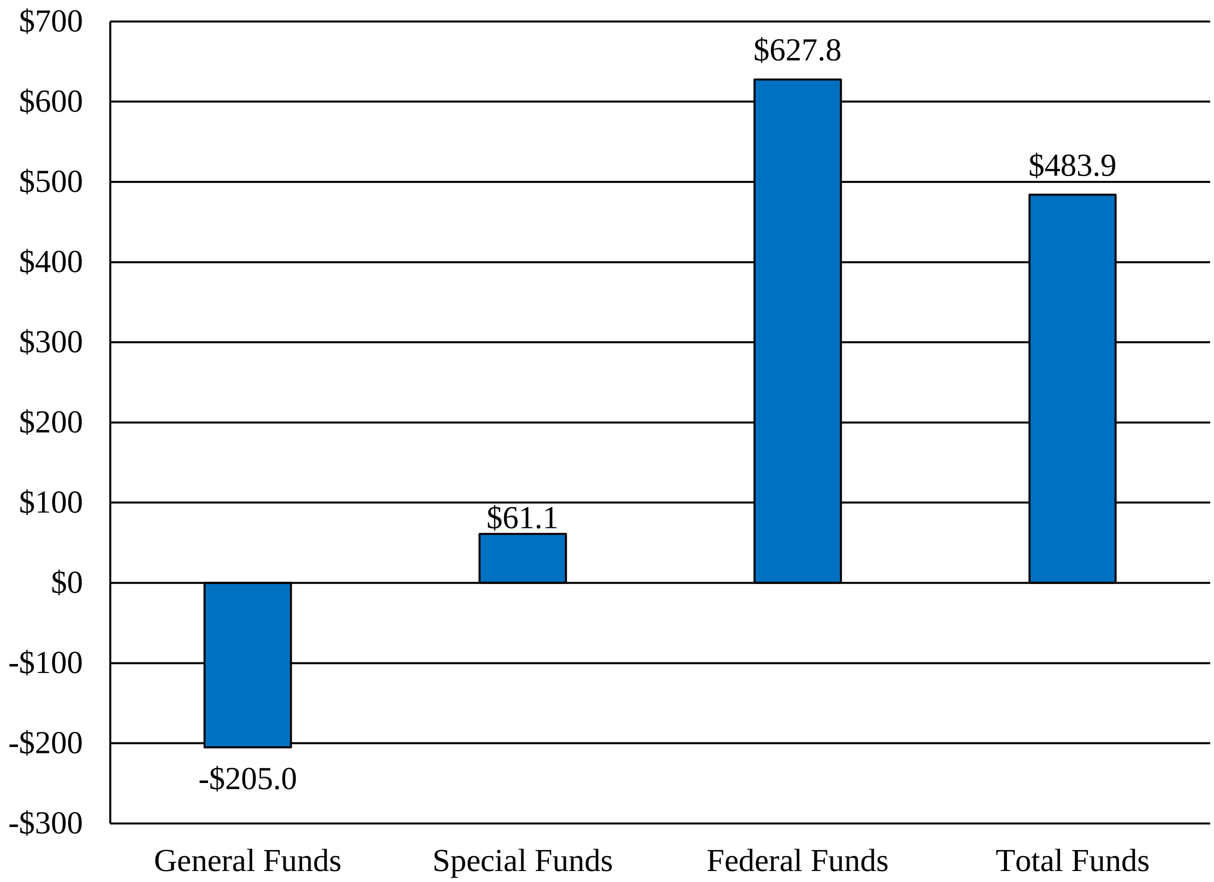
(1) The General Assembly reduced the allowance in the Rainy Day Fund by $69 million but provided authorization for those funds to be used for a variety of purposes. However, spending the $69 million is at the discretion of the Governor.
(2) Includes the Historic Revitalization Tax Credit Reserve Fund. Fiscal 2023 includes $1.3 billion budgeted in the Dedicated Purpose Account (DPA) of which $10 million is for the Historic Revitalization Tax Credit Reserve Fund.
(3) The fiscal 2023 legislative appropriation for the Reserve Funds excludes $370 million budgeted in the DPA in supplemental budget #5. This amount is included in various other categories where it is intended to be spent. The fiscal 2023 legislative appropriation for the Reserve Fund also excludes $1.23 billion funds in the DPA for capital purposes including funds provided in Supplemental Budget No. 4, which is reflected in the Capital category.

Note: The fiscal 2022 working appropriation includes $33.6 million in targeted reversions. The fiscal 2023 appropriation includes estimated deficiencies of $483.9 million. Fiscal 2022 excludes $20.7 million, fiscal 2023 excludes $195.9 million, and fiscal 2024 excludes $177.0 million of special funds that double counts other spending.

Fiscal 2023 Deficiencies

As summarized in the following exhibit, the fiscal 2024 baseline assumes approximately $483.9 million in net total fund deficiencies in fiscal 2023. The net increase is driven primarily by federal fund spending, which adds $627.8 million to the appropriation, and an additional $61.1 million in special fund spending. These increases are partially offset by a $205 million reduction in general fund spending.

Anticipated Fiscal 2023 Deficiencies in the Fiscal 2024 Baseline
($ in Millions)



Source: Department of Legislative Services

As shown in the following exhibit, the general fund decrease is driven by the extension of the enhanced Medicaid match through the third quarter of fiscal 2023, resulting in a general fund decrease of $530.4 million across Medicaid, the Maryland Children's Health Program, the

Behavioral Health Administration, and Developmental Disabilities Administration Community Services. As enacted, the fiscal 2023 budget did not anticipate that the national public health emergency would continue into fiscal 2023. However, as of mid-October 2022, the national public health emergency was extended into mid-January 2023, allowing the State to continue claiming the enhanced match through March 2023. Decreases totaling $143.7 million reflect lower than budgeted spending on personnel, due to current vacancy rates that exceed the budgeted level. The remaining decrease occurs in the area of entitlement programs, due to caseload and spending trends ($28.2 million). These reductions are partially offset by increases in a number of areas, the largest being $220 million to replace funding for capital projects originally expected to be funded in fiscal 2023 by bond premiums. Higher interest rates have led to a decrease in anticipated bond premiums. The second significant deficiency appropriation relates to an announcement in September 2022, by Governor Lawrence J. Hogan, Jr. of a 4.5% general salary increase effective November 1, 2022. The fiscal 2023 budget did not anticipate this action, and the general fund share of this increase in fiscal 2023 is approximately $126.2 million.

Detailed Fiscal 2023 General Fund Deficiencies
($ in Millions)

	Total
Bond Premium Shortfall: Lower than anticipated bond premiums for capital projects due to higher interest rates ($220.0 million)	$220.0
Personnel Actions: 4.5% general salary increase effective November 1, 2022	126.2
Agency Operating Expenses: Health insurance costs ($40.0 million), Developmental Disabilities Administration audit disallowance ($34.2 million), impacts of inflation on certain expenses ($19.7 million), Neighborhood Safety Grants in the Department of Housing and Community Development ($10.0 million), extension of contract for legacy child support system during transition ($4.9 million), one-time costs for overtime and contractual full-time equivalents in the Maryland State Police ($4.5 million), shortfall in Higher Education Investment Funds ($3.6 million), case-related expenses for the Office of Public Defender ($1.5 million), anticipated and approved awards for erroneous convictions ($1.3 million), overtime expenses in the Department of Juvenile Services based on recent experience ($1.2 million), higher than expected costs for paper ballots ($0.9 million), partially offset by overestimated statewide salary expenses from prior cost-of-living adjustments and increments (-$9.6 million), and lower than expected contract cost for food at correctional institutions (-$4.7 million)	107.5

	Total
Fiscal 2022 Expenses: Local Law Enforcement Grants and Baltimore City Crime Prevention Initiative Grant funding inadvertently reverted ($14.9 million), funds for repayment of Local Reserve Account related to Chapter 717 and 718 of 2021 which were inadvertently reverted ($9.2 million), shortfall in the Comptroller's Office for contracts and RELIEF payments ($3.1 million), and shortfall for case-related expenses in the Office of Public Defender ($1.5 million)	28.7
Legislation: Additional funding required for $500 bonus for noncertificated employees due to Chapter 511 of 2022 ($11.0 million), increased cost of juror per diems due to Chapter 546 of 2022 ($3.2 million), and funding for St. Mary's College of Maryland for a fiscal 2023 general salary increase due to Chapter 607 of 2022 ($0.5 million)	14.8
Entitlement Spending Based on Caseload Trends: Higher than anticipated enrollment in Medicaid and Maryland Children's Health Program due to extension of national public health emergency and lower than expected availability of special funds ($58.6 million), more than offset by anticipated lower spending on fiscal 2022 bills in Medicaid and the Behavioral Health Administration (BHA) (-$60.0 million), BHA provider reimbursements due to caseload mix and utilization trends (-$15.7 million), lower than expected foster care caseloads (-$5.9 million), and lower than expected caseloads for public benefits (-$5.1 million)	-28.2
Vacancy Savings	-143.7
Savings Due to Available Federal Funds: Savings associated with three quarters of Enhanced Federal Medical Assistance Percentage due to extension of national public health emergency	-530.4
Total General Fund Deficiencies	**-$205.0**

RELIEF: Recovery for the Economy, Livelihoods, Industries, Entrepreneurs and Families

Source: Department of Legislative Services

Anticipated deficiency appropriations increase special fund spending by a net of $61.1 million. Special funds increase by $82.5 million for the special fund share of the 4.5% general salary increase, which includes funding from the Fiscal Responsibility Fund dedicated toward this purpose for certain employees in fiscal 2023 only. The remaining increases include:

- $14.6 million in the Maryland Department of Transportation based on additional revenue available from Chapter 61 of 2022 to be passed through to counties for Bus Rapid Transit systems;

- $8.1 million for the special fund share of inflationary impacts on certain expenses; and

- $0.9 million for the special fund share of higher than anticipated costs of paper ballots due to a paper shortage.

These increases are partially offset by decreases associated with the special fund share of higher than anticipated vacancies ($40.3 million), a shortfall in Higher Education Investment Funds ($3.6 million), and lower available special funds for certain public assistance benefits ($1.0 million).

Deficiency appropriations are expected to increase federal fund spending by $627.8 million in fiscal 2023. The largest share of this increase ($530.4 million) is related to the extension of the enhanced Medicaid match through the third quarter of fiscal 2023. The other substantial components of the increase results from:

- higher than anticipated spending for behavioral health provider reimbursements due to higher enrollment, enrollment mix, and utilization trends ($109.9 million);

- a one-time rate increase for certain providers in Medicaid due to funds available from the enhanced Medicaid match on home- and community-based services ($32.1 million);

- the federal fund share of the 4.5% general salary increase ($11.5 million); and

- the federal fund share of costs related to the extension of the legacy contract for the child support system ($9.2 million).

These increases are partially offset by decreases in several areas. The largest of these decreases result from lower than anticipated spending for public benefit programs due to lower caseloads ($34.7 million), the federal fund share of savings associated with higher than expected vacancies ($18.0 million), and lower than anticipated foster care caseloads ($13.8 million).

Debt Service

State tax-supported debt includes general obligation (GO) bonds sold by the State Treasurer and Consolidated Transportation Bonds sold by the Maryland Department of Transportation (MDOT). GO bonds are secured by the full faith and credit of the State and are supported by property taxes and other funds, such as premiums realized at bond sales deposited into the Annuity Bond Fund (ABF). The State also receives federal funds that support Build America Bonds, Qualified Zone Academy Bonds, Qualified School Construction Bonds, and Qualified Energy Conservation Bonds issued by the State.

Transportation bonds are supported by pledged taxes (motor fuel taxes, vehicle excise taxes, motor vehicle registration fees, and a portion of the corporate income tax) and other Transportation Trust Fund revenues (such as modal operating revenues).

Expenditures and Funds for Debt Service
Fiscal 2021-2024
($ in Thousands)

	Actual 2021	Working 2022	Leg. Approp. 2023	Baseline 2024	Increase 2023-2024	% Increase 2023-2024
Expenditures						
MDOT Debt Service	$412,440	$451,330	$480,461	$480,672	$210	0%
GO Bond Debt Service	1,277,616	1,394,000	1,439,000	1,457,866	18,866	1.3%
Total	**$1,690,056**	**$1,845,330**	**$1,919,461**	**$1,938,53**	**$19,076**	**1.0%**
Fund						
General Fund	$131,000	$260,000	$430,000	$482,000	$52,000	12.1%
Special Fund	1,549,754	1,574,330	1,480,461	1,449,495	-30,967	-2.1%
Federal Fund	9,302	11,000	9,000	7,043	-1,957	-21.7%
Total	**$1,690,056**	**$1,845,330**	**$1,919,461**	**$1,938,53**	**$19,076**	**1.0%**

GO: general obligation
MDOT: Maryland Department of Transportation

The fiscal 2024 baseline budget for GO bond debt service costs reflects slow and steady increases in debt issuances. Annual issuances have averaged over $1 billion annually since fiscal 2015. However, the two calendar 2022 bonds sales, which were initially scheduled to be held in March and August, were combined into one sale in June totaling $1.05 billion. This moves forward debt service so that there are additional costs in fiscal 2023 through 2038, but no debt service payment in fiscal 2039. The uncommon sale date did not affect any other fiscal years. The largest revenue source for the ABF is State property taxes. The current State property tax rate is $0.112 per $100 of assessable base. In recent years, debt service costs have exceeded State property tax revenues. Continuing the trend, fiscal 2024 State property tax receipts are projected to be $957 million compared to debt service costs that total $1.46 billion. ABF balance remaining from prior years, other special fund revenues (such as repayment for issuance of bonds for Program Open Space), and federal funds are expected to be $13 million. Insofar as these sources are insufficient, $482 million in general funds will need to be appropriated in fiscal 2024.

The fiscal 2024 baseline budget for MDOT's debt service comprises debt service for bonds issued prior to fiscal 2023 and projected sales in 2024 (no sales are projected for fiscal 2023). Over the past four fiscal years (2019 to 2022), debt issuances net of refunding totaled nearly $1.6 billion. Bond issuances in the draft MDOT fiscal 2023 to 2028 financial forecast are projected to total $1.96 billion, a 17% increase over the $1.675 billion projected in the previous forecast. The increase in projected debt issuances is possible due to increased projections of revenue attainment combined with the increased share of the corporate income tax credited to the Transportation Trust Fund beginning in fiscal 2024 authorized through Chapter 240 of 2022.

State Aid to Local Governments

State aid includes direct grants to local governments for various public services, such as education, libraries, community colleges, transportation, public safety, health, and recreation and State-paid retirement costs for public school teachers, librarians, and community college faculty. Although the grants may be for specific programs or purposes, local governments usually have considerable flexibility in the expenditure of these funds.

State Aid by Governmental Entity
Fiscal 2023-2024
($ in Thousands)

Entity	Working 2023	Baseline 2024	$ Change 2023-2024	% Change 2023-2024
Public Schools	$7,953,478	$8,341,618	$388,140	4.9%
County/Municipal	884,976	891,983	7,007	0.8%
Community Colleges	435,344	458,330	22,986	5.3%
Libraries	89,433	91,308	1,875	2.1%
Health	103,992	113,862	9,870	9.5%
Total	**$9,467,223**	**$9,897,101**	**$429,878**	**4.5%**

Note: Totals may not sum due to rounding. The fiscal 2023 working appropriation for Public Schools includes $46 million of federal stimulus funds dedicated to address learning loss. The fiscal 2023 working appropriation for County/Municipal aid reflects the September estimates of casino revenues by the Board of Revenue Estimates.

Overview

State aid is projected to total $9.9 billion in the fiscal 2024 baseline, representing a $429.9 million, or 4.5%, increase over the prior fiscal year. Most of the State aid in fiscal 2024, as in prior years, is targeted to public schools. Public schools will receive $8.3 billion in fiscal 2024, 84.3% of total State aid. Counties and municipalities will receive $892.0 million (9.0% of total State aid), community colleges will receive $458.3 million (4.6%), libraries will receive $91.3 million (0.9%), and local health departments will receive $113.9 million (1.2%).

Public Schools

Public schools will receive an estimated $8.3 billion in fiscal 2024, representing a $388.1 million (4.9%) increase over the prior fiscal year. This is explained by the net impact of a $366.7 million increase in direct aid and a $21.5 million increase in retirement aid. The considerable funding increase stems from substantial reforms to education funding policy enacted during the 2021 session. Chapter 36 of 2021, Blueprint for Maryland's Future – Implementation, results from the General Assembly's override of the Governor's veto of HB 1300 of 2020. Chapter 55 of 2021, Blueprint for Maryland's Future – Revisions, revises Chapter 36 to account for the timing of its enactment; addresses the effects of the COVID-19 pandemic on education, including education funding; and adjusts funding under the foundation program and the Concentration of Poverty grant program.

The per pupil foundation amount is set at $8,642, a 4.0% increase from fiscal 2023. Under Chapter 36 and Chapter 55, the per pupil foundation amount is set in statute through fiscal 2033 and is increased by inflation in subsequent years. The per pupil foundation amount is an important factor in determining State education aid because it is used in major State aid formulas (the foundation program; the Comparable Wage Index (CWI); and the compensatory education, special education, and English language learners formulas) that together account for approximately three-quarters of total education aid.

General funds are expected to account for $7.0 billion of State aid for public schools. Special funds, almost entirely from the Blueprint for Maryland's Future Fund, account for approximately $1.3 billion.

Foundation Program

In fiscal 2024, foundation program formula aid is estimated to increase by $102.2 million (2.8%), from $3.7 billion to $3.8 billion. This increase is primarily attributable to the $332 increase in the per pupil foundation amount, from $8,310 in fiscal 2023 to $8,642 in fiscal 2024. Also, full-time equivalent enrollment increases by 9,051 (1.1%), from 848,653 to an estimated 857,704. The foundation program is the primary formula grant program for funding the local school systems.

Comparable Wage Index

In fiscal 2024, CWI grants replace Geographic Cost of Education Index (GCEI) grants as a method of adjusting State funding in each jurisdiction to reflect different costs of educating students across school districts. CWI is calculated by measuring variation in the wages of workers similar to teachers and examining costs outside of a school district's control and, unlike the GCEI, isolates only wage costs. In fiscal 2024, the first year of CWI funding, the CWI grant is estimated to total $155.9 million, a slight decrease from the $157.9 million in funding under the GCEI grant in its final year, fiscal 2023. Eleven local school systems are eligible for CWI funds in fiscal 2024.

Blueprint Transition Grants

Beginning in fiscal 2023, transition grants are provided under the Blueprint for Maryland's Future, helping to compensate for the termination of supplemental grants under the foundation program and other funding provisions after fiscal 2022. These grants total $57.7 million in both fiscal 2023 and 2024.

Compensatory Aid

In fiscal 2024, the Compensatory Aid program is estimated to increase by $71.8 million (5.5%) from $1.3 billion to $1.4 billion. This change is due to a projected 8.8% increase in the number of children who are eligible for free and reduced-priced meals (FRPM) and the increase in the per pupil foundation amount. This program provides additional funding to local school systems based on their enrollment of students eligible for FRPM. The statewide funding level is calculated using the number of eligible students multiplied by a factor of the per pupil foundation amount.

Concentration of Poverty Grants

Under Chapter 771 of 2019, State grants were provided to public schools in which at least 80% of the students were eligible for FRPM. For both fiscal 2020 and 2021, grants equal to $248,833 were provided for each existing eligible school. Schools receiving these grants must hire 1 community school coordinator and provide full-time coverage by at least 1 health care practitioner. These personnel grants were also provided for in the fiscal 2022 budget. Personnel grants must be adjusted annually for inflation such that each eligible school is estimated to receive a grant of $259,831 in fiscal 2023 and $272,823 in fiscal 2024. Beginning in fiscal 2023, under Chapters 36 and 55, in addition to these personnel grants, per pupil grants are provided. Funding is phased in over several years, for both personnel and per pupil grants, to provide funding for an increasing number of schools at progressively lower poverty concentrations. In fiscal 2024, concentration of poverty grants total an estimated $258.2 million, an increase of $67.9 million over fiscal 2023.

Students with Disabilities

In fiscal 2024, funding for students with disabilities via the special education formula is estimated to increase by $48.8 million (12.2%), from $401.3 million to $450.1 million. This change is due to a projected 1.0% increase in students with disabilities enrollment in 2022-2023. In fiscal 2024, funding for special education students in nonpublic placements is estimated to total $137.4 million, a $4.0 million decrease from fiscal 2023 funding level.

English Language Learners

In fiscal 2024, funding for English language learner students is estimated to increase by $47.0 million (11.1%), from $422.5 million to $469.5 million. This change is due to a projected

6.9% increase in relevant student enrollment for the 2022-2023 school year and a substantial increase in per pupil funding under the Blueprint for Maryland's Future. These grants are based on English language learner student enrollment and the per pupil foundation amount.

Guaranteed Tax Base Program

In fiscal 2024, the Guaranteed Tax Base Program (GTB) increases by $2.9 million (6.3%), from $45.8 million to $48.7 million. As currently estimated, eight local school systems receive GTB funding in fiscal 2023. This program provides additional State funding to local school systems with less than 80.0% of statewide wealth per pupil through a formula based on local wealth and the amount of local funding each jurisdiction provides to the local school system.

Education Effort Adjustment Grants

The Blueprint for Maryland's Future includes a mechanism for establishing a maximum local share that a county must fund each year. Relief is provided to counties based on local effort and is offset by equivalent State aid. However, the education adjustment for a county is only allowed to the degree that per pupil local maintenance of effort is met each year. State funding totaling $125.7 million commenced in fiscal 2023. In fiscal 2024, State funding is projected to total $164.8 million, an increase of $39.1 million from the prior fiscal year.

Student Transportation

In fiscal 2024, total student transportation funding increases by $29.0 million (8.5%), from $336.0 million to $365.0 million. Estimated formula funding for student transportation increases by $28.4 million (9.2%), from $308.8 million to $337.2 million, largely due to the anticipated 8.0% inflation adjustment over fiscal 2023, equivalent to the 8.0% cap on inflation for the program. Estimated funding for disabled transportation increases by $543,000, from $27.2 million to $27.8 million, due to an assumed increase in students using disabled student transportation services. For disabled transportation funding, the State provides $1,000 annually for each qualifying student.

Publicly Funded Full-day Prekindergarten

Beginning in fiscal 2023, a new funding formula for voluntary full-day prekindergarten for three- and four-year-olds from low-income families is phased-in. Expansion of full-day prekindergarten will first be focused on making full-day prekindergarten available for all four-year-olds from low-income families as half-day slots are being converted into full-day slots, and new slots are coming online. This will occur at the same time as full-day prekindergarten is expanded gradually for three-year-olds from low-income families. Fiscal 2024 funding will total an estimated $97.9 million. This represents a substantial decline from fiscal 2023 funding totaling $144.1 million; fiscal 2023 funding was based on all public prekindergarten full-day enrollment due to implementation issues that prevented intended targeting of specific prekindergarten students for funding.

Teacher Retirement

State retirement costs for public school teachers and other professional personnel will total an estimated $746.1 million in fiscal 2024, representing a $21.5 million (3.0%) increase. This increase is attributed to an increase in the State employer pension contribution rate due primarily to price inflation causing cost-of-living adjustments (COLA) for retirees increasing more than previously expected. The normal cost rate, which determines the local share of costs, decreased from 5.12% to 5.04%. The higher COLAs result in an increase in the overall employer pension contribution rate, from 15.29% in fiscal 2023 to 15.48% in fiscal 2024. As local school systems are responsible for paying the normal cost (which represents the cost of pension benefits accrued in the current year), local pension contributions decrease from an estimated $373.0 million in fiscal 2023 to $368.2 million in fiscal 2024. Local school systems will also contribute approximately $16.6 million toward State Retirement Agency (SRA) administrative costs. With total employer contributions for the Teachers' Combined System (TCS) projected to increase, the decrease in local contributions means that the State contribution for TCS increases. Employer contribution rates are expected to continue to increase substantially in the out-years due to persistent inflationary pressure and significant investment losses.

Community Colleges

The majority of funding for the State's locally operated community colleges is determined by the Senator John A. Cade funding formula. In fiscal 2024, Cade formula funding totals $375.6 million. This represents an increase of $20.5 million, or 5.8%, in general funds above fiscal 2023. Baltimore City Community College is a State agency and receives funding through a separate funding formula.

The fiscal 2024 baseline also includes $2.7 million in general funds for the English Speakers of Other Languages Program and $6.5 million in general funds for statewide and regional programs. In addition, small colleges are estimated to receive $10.2 million in general funds in Small College and Mountain grants. The baseline also includes $63.3 million in general funds for retirement benefits to community college employees, a 2.7% increase compared to $61.7 million in fiscal 2023.

Libraries

State library aid formula increases by $923,900, from $44.7 million to $45.6 million in general funds. This increase is largely due to the increase in the per resident amount for this aid formula, from $17.50 in fiscal 2023 to $17.90 per resident in fiscal 2024, under Chapters 496 and 497 of 2022.

Chapters 714 and 715 of 2016 (Enoch Pratt Free Library – Hours of Operation – Funding) provided $3.0 million in the annual State budget for fiscal 2018 through 2022 to support additional operating expenses for branches of the Enoch Pratt Free Library in Baltimore City that increase their operating hours above the hours in effect as of January 1, 2016. Chapters 401 and 402 of 2021 require $3.0 million in annual funding beginning in fiscal 2023.

State Library Network funding increases by $473,700 (2.3%), bringing total funding for this program to $21.4 million in general funds in fiscal 2024. The network is comprised of the Central Library of the Enoch Pratt Free Library System in Baltimore City, three regional resource centers, and metropolitan cooperative service programs. Under Chapters 6 and 27 of 2021, the State Library Resource Center per resident annual funding increases from $1.93 in fiscal 2023 to $1.97 in fiscal 2024. Under Chapters 496 and 497, per resident funding for regional resource centers increases from $9.19 in fiscal 2023 to $9.39 in fiscal 2024.

Finally, retirement costs for librarians will total an estimated $21.3 million, representing a 2.3% increase. Unlike the boards of education and community colleges, the State continues to pay SRA administrative costs for local library employees.

County and Municipal Governments

Approximately 9.0% of State aid is allocated to county and municipal governments to finance general government, transportation, public safety, and environmental protection projects. County and municipal governments will receive $892.0 million in fiscal 2024, an increase of $7.0 million from the prior fiscal year. The major State aid programs assisting county and municipal governments include transportation aid, disparity grants, police aid, gaming impact aid, adult education, teacher retirement supplemental grants, and local voting system grants.

Transportation

The State has shared various transportation revenues with the counties and municipalities through the local highway user revenue program. Allocations to counties and municipalities from the Gasoline and Motor Vehicle Revenue Account (GMVRA) have been based on the percentage of road miles and vehicle registrations within each local jurisdiction.

Chapters 330 and 331 of 2018 (Transportation – Highway User Revenues – Distribution) require 100% of the funds in the GMVRA of the Transportation Trust Fund (TTF) to be retained by the TTF beginning in fiscal 2020. Beginning in that same year, instead of directly sharing the GMVRA revenue with local governments, the Maryland Department of Transportation (MDOT) must provide capital transportation grants to local governments based on the amount of revenue allocated to the GMVRA. Chapter 240 of 2022 increased the local government share of GMVRA revenues, beginning in fiscal 2024. For fiscal 2024, capital grants equivalent to 15.6% of the revenue allocated to the GMVRA must be provided to local governments as follows: Baltimore City (9.5%); counties (3.7%); and municipalities (2.4%).

The fiscal 2024 estimate is based on projected TTF revenue from motor fuel taxes, motor vehicle titling taxes, motor vehicle registration fees, and corporate income taxes. Based on the mandated formula, the fiscal 2024 baseline assumes that Baltimore City will receive $200.5 million, county governments will receive $78.1 million, and municipal governments will receive $50.7 million, for a total of $329.3 million. This represents a $52.8 million increase from the fiscal 2023 working appropriation.

State funding for elderly/disabled transportation grants total $4.3 million in fiscal 2023, while State funding for paratransit grants total $1.4 million. State aid for elderly/disabled transportation programs and paratransit grants are projected to remain constant in fiscal 2024 at $5.7 million.

Finally, Chapter 61 of 2022 established a bus rapid transit system grant program in MDOT for certain counties or municipalities with a bus rapid transit system operating in their county or municipality. Beginning in fiscal 2023, MDOT must provide grants, not exceeding $27.0 million, to eligible jurisdictions based on State Lottery Fund deposits into the Maryland Stadium Facilities Fund. The fiscal 2024 budget includes $14.2 million in funding for the program, a decrease of $485,500 from the fiscal 2023 estimate of $14.6 million.

Public Safety

Maryland's counties and municipalities receive grants for police protection through the police aid formula. The police aid formula allocates funds on a per capita basis, and jurisdictions with a higher population density receive greater per capita grants. Municipalities receive additional grants based on the number of sworn officers. The Maryland State Police recovers 30% of the State crime laboratory costs relating to evidence-testing services from each county's formula allocation. The fiscal 2024 baseline assumes an increase of 0.7% from the fiscal 2023 base formula amount, with funding totaling $77.2 million.

The fiscal 2024 baseline reflects $15.0 million for fire and rescue aid and $1.9 million for vehicle theft prevention grants, which are the same as the fiscal 2023 amounts. Emergency 9-1-1 grants are projected to total $58.0 million in fiscal 2024. Other public safety grants totaling $46.1 million (targeted crime grants, State Attorney's grant, *etc*.) are also included in the fiscal 2024 baseline.

Disparity Grants

The disparity grant program provides noncategorical State aid to low-wealth jurisdictions for county government purposes. Specifically, disparity grants address the differences in the abilities of counties to raise revenues from the local income tax, which for most counties is one of the larger revenue sources. The fiscal 2024 baseline includes $167.7 million in general funds, which represents a 4.0% increase from the fiscal 2023 appropriation of $161.2 million. Based on the statutory formula, Baltimore City and nine counties (Allegany, Caroline, Cecil, Dorchester, Garrett, Prince George's, Somerset, Washington, and Wicomico) will qualify for disparity grants in fiscal 2024.

Gaming Impact Grants

From the proceeds generated by video lottery terminals (VLT) at video lottery facilities in the State, generally 5.5% is distributed to local governments in which a video lottery facility is operating or that are in close proximity to a facility. In addition, 5.0% of table game revenues are distributed to local jurisdictions where a video lottery facility is located. For fiscal 2022 through 2032, under Chapter 590 of 2020, $3.5 million of funds otherwise directed to the Pimlico Community Development Authority from VLT proceeds must be transferred to the State Lottery Fund. The fiscal 2024 baseline assumes gaming impact grants will total $108.4 million, an increase of approximately $2.5 million or 2.4% from the fiscal 2023 estimate of $105.8 million.

Instant Bingo Grants

Chapter 603 of 2012 made permanent the authority for existing qualified organizations and licensed commercial bingo licensees to operate electronic instant bingo machines that would otherwise be illegal under State law after July 1, 2012. A portion of the revenues from the State admissions and amusement tax imposed on the instant bingo machines in Calvert County is distributed to local governments and community organizations. The fiscal 2024 baseline includes $3.15 million in funding, which is the same as the fiscal 2023 amount.

Teacher Retirement Supplemental Grants

Grants totaling $27.7 million are distributed annually to nine counties (including Baltimore City) to help offset the impact of sharing teachers' retirement costs with the counties.

Maryland Park Explorers Grant Pilot Program

Chapter 470 of 2022 established the Maryland Park Explorers Grant Pilot Program in the Department of Natural Resources to provide Anne Arundel and Baltimore counties, from fiscal 2024 through 2026, with equal funds to establish local Park Explorers Pilot Programs. The fiscal 2024 baseline includes $72,700 for the program.

Local Voting System Grants

Chapter 564 of 2001 (Election Law – Uniform Statewide Voting Systems) required the State Board of Elections, in consultation with local election boards, to select and certify a uniform statewide voting system with the costs to be split equally between the State and local jurisdictions. The legislation required the State to provide funding through the annual budget bill for the exclusive purpose of reducing the fiscal impact of purchasing new voting equipment. The fiscal 2024 baseline includes $4.0 million in grants to local boards of elections. This represents a $1.3 million decrease over the fiscal 2023 working appropriation, due to the pollbook Major Information Technology Development Project schedule.

Behavioral Health Crisis Response

Chapters 209 and 210 of 2018 established the Behavioral Health Crisis Response Grant Program in the Maryland Department of Health to provide funds to local jurisdictions to establish and expand community behavioral health crisis response systems. The fiscal 2024 baseline includes $5.0 million for the program, as required by Chapters 755 and 756 of 2021. In addition, Chapters 755 and 756 continue the $5.0 million distribution through fiscal 2025.

Local Health Departments

The State provides funds to support the delivery of public health services, including child health, communicable disease prevention, maternal health, family planning, environmental health, and administration of local health departments (LHD). The funding formula is adjusted annually for inflation and statewide population growth for the second preceding fiscal year. In the fiscal 2024 baseline, the funding formula increases by $4.5 million over the fiscal 2023 working appropriation for a total distribution of $68.0 million.

In addition to the funding formula, grants to LHDs have included cost-of-living adjustments and other salary enhancements. The fiscal 2024 baseline assumes aid, comprised of the funding formula and personnel-related funding, will total $113.9 million, an increase of approximately $9.9 million from the fiscal 2023 estimate.

Entitlement Programs

Entitlements include the State Department of Assessments and Taxation's (SDAT) tax credit programs, the Maryland Department of Health's (MDH) Medicaid program, and the Department of Human Services' (DHS) foster care and cash assistance programs. The following table shows State support for entitlement programs.

Expenditures and Funds for Entitlement Programs
Fiscal 2021-2024
($ in Thousands)

	Actual 2021	Working 2022	Leg. Approp. 2023.	Baseline 2024	$ Increase 2023-2024	% Increase 2023-2024
Expenditures						
State Department of Assessments and	$86,975	$114,848	$102,604	$88,787	-$13,817	-13.5%
MDH Behavioral Health Administration	1,707,987	2,412,434	2,132,301	2,086,934	-45,367	-2.1%
MDH Medical Care Programs Administration	10,653,065	11,663,818	11,913,121	11,607,541	-305,580	-2.6%
DHS Social Services	292,884	308,843	333,930	332,465	-1,465	-0.4%
DHS Family Investment	2,632,934	4,415,062	2,185,284	1,436,219	-749,065	-34.3%
Total	**$15,373,844**	**$18,915,004**	**$16,667,241**	**$15,551,947**	**-$1,115,293**	**-6.7%**
Fund						
General Fund	$3,507,422	$4,414,407	$5,186,685	$5,218,604	$31,918	0.6%
Special Fund	1,045,876	853,616	777,647	709,703	-67,944	-8.7%
Federal Fund	10,733,355	13,575,085	10,622,320	9,543,052	-1,079,268	-10.2%
Reimbursable Fund	87,191	71,896	80,588	80,588	0	0%
Total	**$15,373,844**	**$18,915,004**	**$16,667,241**	**$15,551,947**	**-$1,115,293**	**-6.7%**

DHS: Department of Human Services
MDH: Maryland Department of Health

Note: The fiscal 2023 legislative appropriation excludes anticipated deficiency appropriations and funds budgeted in the Dedicated Purpose Account.

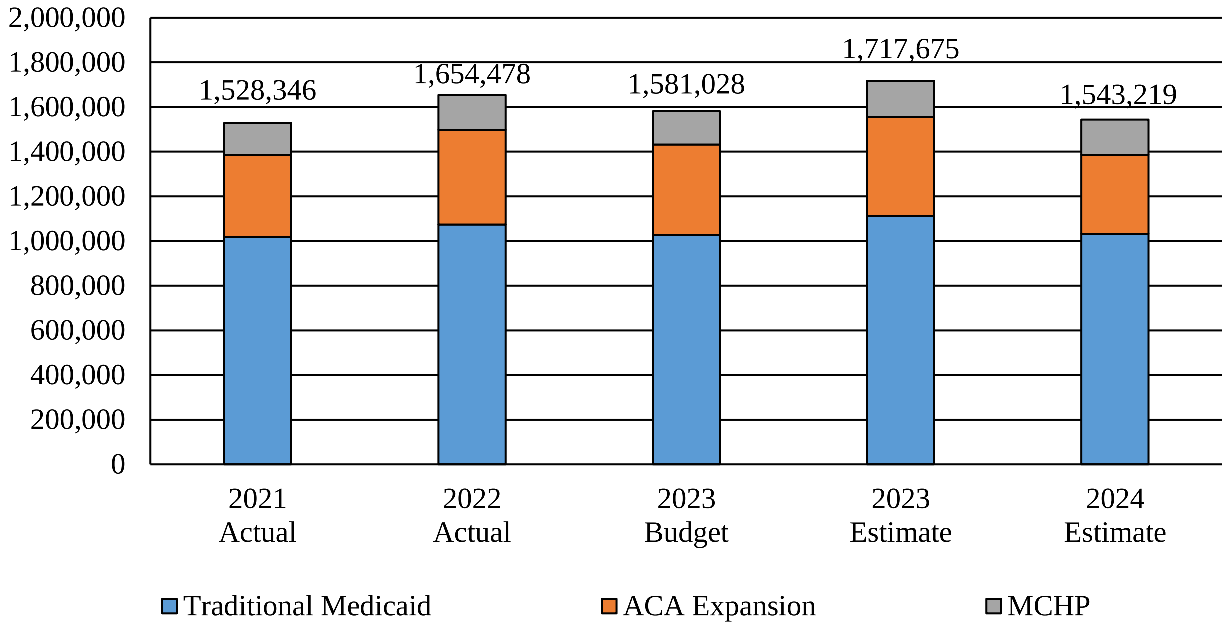
Medicaid Population and Expenditure Trends

Maryland's Medical Care Programs (Medicaid, Maryland Children's Health Program (MCHP), Employed Individuals with Disabilities, *etc*.) provide comprehensive health care coverage to eligible low-income individuals. Funding is derived from both federal and State sources with a federal fund participation rate in fiscal 2024 ranging from 50% to 90% for Medicaid depending on the eligibility category and 65% for MCHP.

Projected Enrollment and Redetermination Process

As a condition of receiving enhanced federal matching funds on qualifying Medicaid and MCHP expenditures during the national COVID-19 public health emergency (PHE), State Medicaid programs were required to suspend eligibility redetermination and disenrollments (with limited exceptions). This requirement has led caseloads to grow steadily throughout the PHE, as shown in the exhibit below. Average monthly Medicaid and MCHP enrollment increased from 1.5 million in fiscal 2021 to 1.65 million in fiscal 2022, an increase of 8%.

Medicaid/MCHP Average Monthly Enrollment
Fiscal 2021-2024 Estimate



ACA: Affordable Care Act
MCHP: Maryland Children's Health Program

Source: Department of Budget and Management; Maryland Department of Health; Department of Legislative Services

On October 13, 2022, the Secretary of the U.S. Department of Health and Human Services renewed the COVID-19 PHE and set a new termination date in mid-January 2023. MDH plans to resume eligibility redeterminations immediately after the PHE expires. Due to the timing of the resumption of redetermination, the Department of Legislative Services (DLS) fiscal 2023 estimate of average monthly enrollees of over 1.7 million, is an all-time high for the program and an increase of 4% over fiscal 2022.

Based on guidance from the Centers for Medicare and Medicaid Services, State Medicaid programs are able to process redetermination backlogs over 12 months following the end of the PHE. MDH is expected to take 12 months to finish its initial redetermination cycle, which will be followed by its regular redetermination processes. Therefore, caseloads are expected to fall substantially to an average of 1.5 million enrollees per month in fiscal 2024, a 10% decline compared to estimated fiscal 2023 enrollment.

The next exhibit details the baseline estimates on a cost per enrollee basis and presents enrollment change by eligibility category, showing that the extent of declining caseloads varies by eligibility group. While adults covered under the Affordable Care Act (ACA) expansion accounted for just over 25% of actual fiscal 2022 enrollment, this group made up about 43% of new enrollment over the PHE so far (from February 2020 through September 2022). As a result, the baseline anticipates that the ACA expansion group will experience a higher rate of disenrollment than other eligibility groups once the PHE expires.

Enrollment and Service Year Per Capita Expenditures
Fiscal 2022-2024

	Actual 2022	DLS Estimate 2023	Baseline 2024	% Change 2023-2024
Enrollment by Category				
Medicaid	1,074,294	1,111,463	1,031,729	-7.2%
MCHP	156,249	161,830	156,558	-3.3%
ACA Medicaid Expansion	423,935	444,382	354,932	-20.1%
Total	**1,654,478**	**1,717,675**	**1,543,219**	**-10.2%**
Cost Per Enrollee				
Medicaid	$8,185	$8,644	$9,193	6.4%
MCHP	2,509	2,736	2,713	-0.9%
ACA Medicaid Expansion	8,480	8,813	8,786	-0.3%
Total	**$7,724**	**$8,131**	**$8,442**	**3.8%**

ACA: Affordable Care Act
DLS: Department of Legislative Services
MCHP: Maryland Children's Health Program

Note: Expenditures by fiscal year are based on the cost of providing services during that fiscal year rather than the year that the bills were paid. Cost estimates include behavioral health spending and are based on Medicaid-funded provider reimbursement expenditures excluding administrative costs.

Fiscal 2024 Medicaid Outlook

The following exhibit displays Medicaid-funded provider reimbursement expenditures, including behavioral health services, from fiscal 2022 to the 2024 baseline. Overall fiscal 2023 spending on Medicaid and MCHP provider reimbursements (adjusted for deficiencies) increases compared to fiscal 2022 actual spending to support increased caseloads during the PHE. However, the fiscal 2024 baseline reflects a net reduction of $615.1 million in total expenditures.

Medical Care Programs Expenditures
Fiscal 2022-2024 Baseline
($ in Millions)

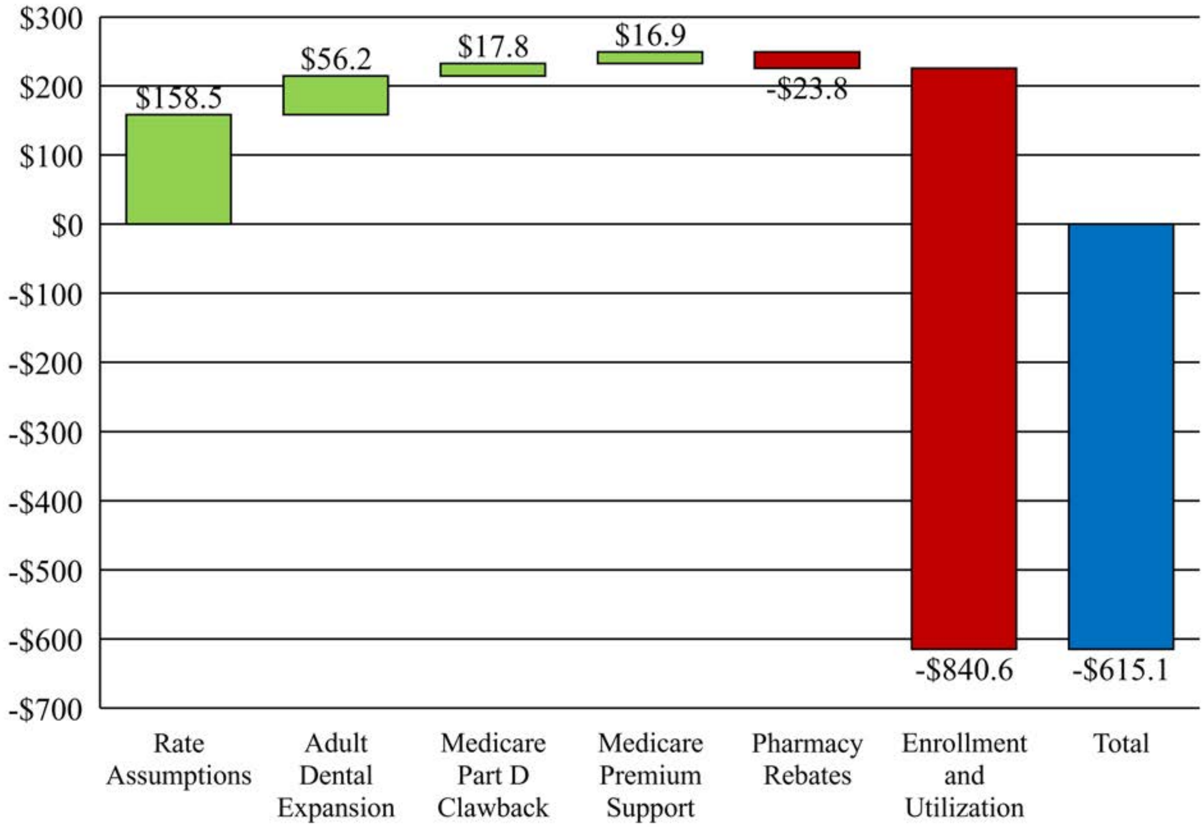
	Actual 2022	Adjusted 2023	Baseline 2024	$ Change Adjusted 2023-2024 Baseline	% Change Adjusted 2023-2024 Baseline
General Funds	$3,762.6	$4,321.8	$4,795.6	$473.7	11.0%
Special Funds	706.6	742.5	677.2	-65.3	-8.8%
Federal Funds	8,921.6	9,047.4	8,023.8	-1,023.5	-11.3%
Total	**$13,390.8**	**$14,111.7**	**$13,496.6**	**-$615.1**	**-4.4%**

Note: Fiscal 2022 actual expenditures are reduced by $60 million to account for excess general funds carried over into fiscal 2023 to reimburse fiscal 2022 bills. Fiscal 2023 shows the legislative appropriation adjusted for anticipated deficiencies. Data reflects major provider payments only and includes Medicaid-funded behavioral health services.

Source: Department of Budget and Management; Department of Legislative Services

As shown in the following exhibit, the largest factor in the net $615.1 million decline in total fiscal 2024 spending is an $840.6 million reduction due to changes in enrollment and utilization, driven by the significant decrease in enrollment as MDH resumes eligibility redetermination and disenrollment.

Medical Care Programs – Components of Total Fund Change
Adjusted Fiscal 2023-2024 Baseline
($ in Millions)



Source: Department of Legislative Services

Total fund spending reductions are partially offset by a net increase of $158.5 million in rates. Rate increases are driven by an overall 1.1% increase in Managed Care Organization calendar 2023 rates and a 4% increase in nursing home rates. Pursuant to Chapters 10 and 11 of 2018, the baseline includes mandated rate increases for specified Medicaid providers. However, DLS assumes that rate increases ranging from 5.2% to 5.5% for home- and community-based services (HCBS) funded with a temporary enhanced federal match authorized in the American Rescue Plan Act (ARPA) of 2021 end in the last quarter of fiscal 2024. MDH also provided an additional 4% rate increase for Medicaid HCBS providers in fiscal 2023 using the same ARPA enhanced federal matching funds. DLS assumes that this is also a one-time rate increase that will end after fiscal 2023. If these rates become ongoing once COVID-19 federal aid expires, then spending on rate adjustments would increase with State funds partially backfilling the federal support.

Beginning January 1, 2023, Medicaid will cover certain dental services for adults, as required by Chapters 302 and 303 of 2022. Supplemental Budget No. 5 allocated $76.3 million in total funds in fiscal 2023 to begin this expansion, and DLS anticipates spending to increase by $56.2 million to annualize this coverage expansion in fiscal 2024.

While overall spending decreases in fiscal 2024, general fund expenditures grow by $473.7 million, or 11.0%, as shown in the exhibit that follows. Net general fund growth is mainly attributable to the following factors:

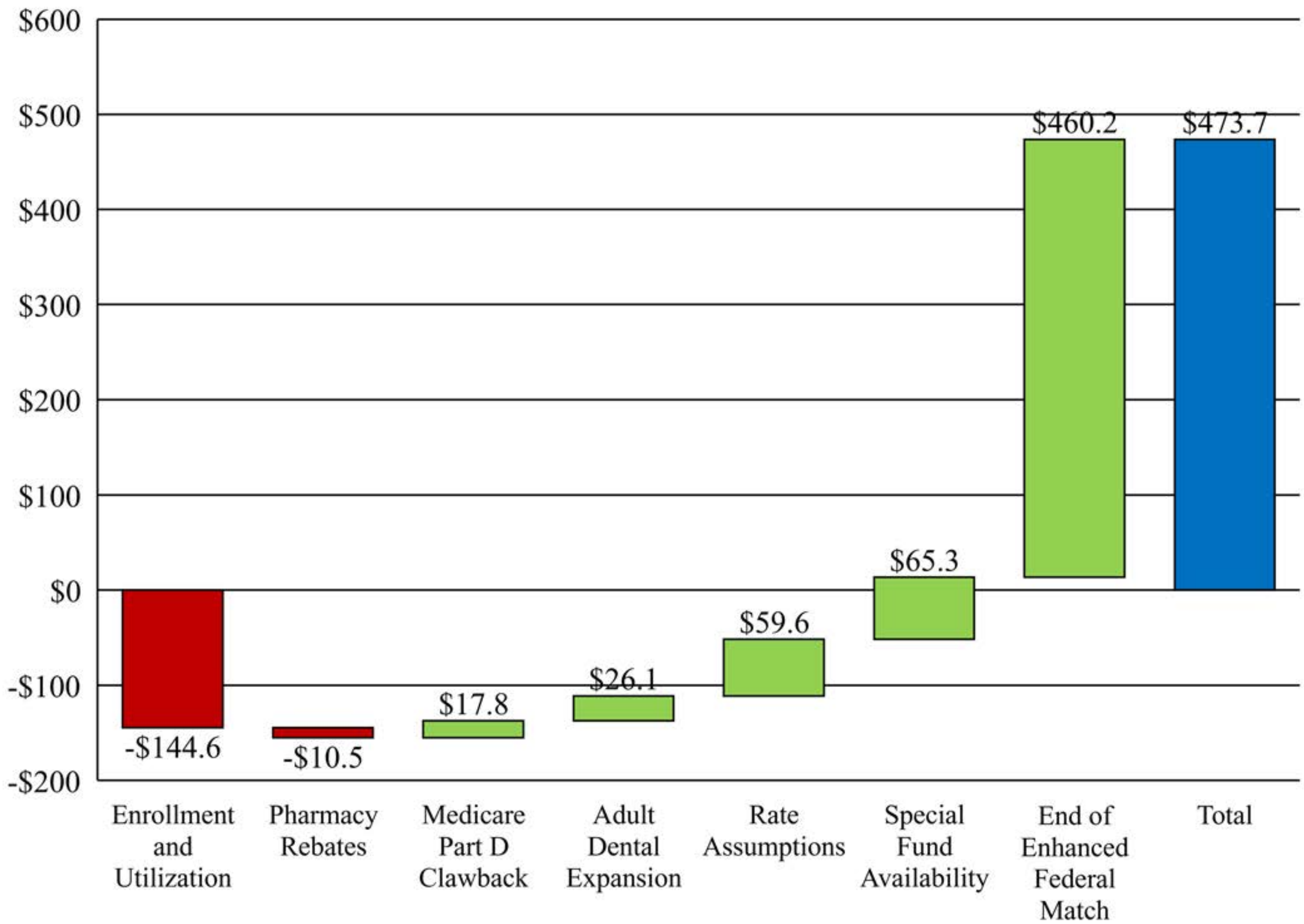
- $460.2 million in general funds backfill estimated enhanced federal matching funds that will be claimed in the first three quarters of fiscal 2023. Although the national PHE is set to end in mid-January 2023, the Families First Coronavirus Response Act of 2020 authorized states to receive enhanced federal matching funds on Medicaid spending through the last quarter in which the PHE ends. The baseline includes deficiency appropriations adding $460.1 million in enhanced federal matching funds and eliminating general fund savings (partially offset by increased costs due to higher caseloads) that were not anticipated in the budget;

- a net reduction of $65.3 million in special fund availability, primarily attributed to reduced nursing home assessment and Cigarette Restitution Fund spending, will also be backfilled with general funds in fiscal 2024; and

- provider rate increases account for $59.6 million in additional general fund spending.

These increases are partially offset by a reduction of $144.6 million due to declining enrollment and changes in utilization, a lower impact on State funding compared to overall spending due to enrollment mix. The fiscal 2024 baseline anticipates that the ACA expansion group will experience a higher rate of disenrollment than other groups and the ACA expansion group receives 90% federal matching funds, which causes State funding to be less sensitive to this caseload decline.

Medical Care Programs – Components of General Fund Change
Adjusted Fiscal 2023- Fiscal 2024 Baseline
($ in Millions)



Source: Department of Legislative Services

Tax Credit Programs

SDAT has three active tax credit programs authorized in statute: the Homeowners' Tax Credit; the Renters' Tax Credit; and the Enterprise Zone Tax Credit. The fiscal 2024 baseline reflects a decrease of $13.2 million in general funds for SDAT's tax credit entitlements as follows:

- **Homeowners' Tax Credit Program** expenditures are expected to decrease by $10.6 million to $53.4 million in fiscal 2024. This adjustment is based on recent utilization of the credit and is driven by a decrease in applicants determined eligible for credits claimed in fiscal 2021 and 2022.

- **Renters' Tax Credit Program** expenditures are projected to decrease by $1.0 million to $3.4 million in fiscal 2024. This adjustment is based on actual utilization of the credit and is driven by a decrease in applicants determined eligible for credits claimed in fiscal 2021 and 2022.

- **Enterprise Zone Tax Credit Program** provides property and income tax credits for businesses that locate or expand within designated areas. Under this program, a business that locates or expands in a designated area is eligible for reduced property taxes for a number of years. The State then reimburses the locality one-half of the forgone revenue, which would have been realized otherwise from the increased property assessment. The fiscal 2024 appropriation for the Enterprise Zone Tax Credit Program is projected to be $25.5 million, a decrease of $1.5 million as reported by SDAT.

In addition, the fiscal 2024 baseline anticipates a reduction of $9.9 million, including a one-time deficiency of $9.24 million, related to the repayment of the Local Reserve Account which supported refunds of recalculated property tax credits due to Chapters 717 and 718 of 2021. The chapter required the repayment of these funds. A fiscal 2022 deficiency appropriation provided $9.24 million for 14/15ths of the required repayment, with the remaining portion budgeted in fiscal 2023. The funds in fiscal 2022 were reverted, and DLS assumes that these funds will be re-appropriated to fill the required repayment.

Department of Human Services

DHS oversees two areas of entitlement spending: foster care and subsidized adoption/guardianship payments; and cash assistance and in-kind assistance.

Foster Care and Subsidized Adoption/Guardianship Caseloads and Expenditures

The State's foster care and subsidized adoption/guardianship program provides temporary and permanent homes for children in need of out-of-home placements due to abuse or neglect.

Foster care placements – such as family homes, group homes, and institutions – offer temporary out-of-home care until implementation of a permanency plan. Permanency options include reunification with family, adoption, and guardianship. Families that accept legal custody of a child with special needs may receive monthly payments under the subsidized adoption program. The goal of subsidized guardianships is to encourage relative caregivers to become legal guardians of children who have been placed in their homes by a local department of social services by removing financial barriers.

Prior to the onset of the COVID-19 pandemic, the average monthly foster care caseload had been declining by between 1.0% and 5.5% annually between fiscal 2015 and 2020, consistent with the department's focus on reducing the number of children entering into care and quickly moving children in care to permanent homes. However, since fiscal 2021, declines have been more pronounced due to impacts of the COVID-19 pandemic on the child welfare system, which greatly affected the entry into and exit out of care. Rates of reporting of child maltreatment decreased significantly beginning in March and April 2020, as widespread closures of in-person activities including schools, daycare facilities, and in-person medical appointments reduced opportunities for mandated reporters of child abuse to have in-person contact with children. Lower rates of child maltreatment report and court closures/reduced operations continued to impact the child welfare system through the early months of fiscal 2023. However, caseload declines in fiscal 2022 were generally lower compared to those that occurred during fiscal 2021.

In fiscal 2021, the net decrease in the foster care caseload was 15.4%. In fiscal 2022, the net decrease was 7.3%. Changes varied between placement types, with some placement types experiencing slight increases. In addition, the largest placement category (regular foster care) declined by 5.8% compared to a 13.3% decrease in fiscal 2021. However, placements in purchased institutions and purchased homes, the highest cost placement types, saw decreases at similar percentages to fiscal 2021 (5.1% and 12.7%).

Although projections made during the fiscal 2023 budget process assumed that as a result of increased in-person activities and a return to more normal operations of schools that some rebounding in caseloads would occur during fiscal 2022 and 2023, actual caseload data through the first months of fiscal 2023 does not yet show these anticipated increases. The fiscal 2024 baseline assumes that a gradual rebounding of caseloads will occur across fiscal 2023 and continuing into fiscal 2024.

Foster Care and Subsidized Adoption/Guardianship
Caseloads and Expenditures
Fiscal 2022-2024

	2022	**Leg. Approp. 2023**	**DLS Estimate 2023**	**DLS Baseline 2024**	**Average Annual % Change 2022-2024**
Caseload					
Foster Care	2,613	2,892	2,784	2,925	5.8%
Subsidized Adoption/Guardianship	7,888	8,294	8,074	7,979	0.6%
Total Combined	**10,501**	**11,186**	**10,858**	**10,905**	**1.9%**
Expenditures					
Monthly Cost Per Case					
Foster Care	$5,245	$5,468	$5,770	$6,032	7.2%
Subsidized Adoption/Guardianship	855	904	872	889	2.0%
Combined Average Cost	**$1,947**	**$6,372**	**$2,127**	**$2,269**	**7.9%**
Expenditures ($ in Millions)					
General Funds	$215.2	$240.5	$234.5	$250.6	7.9%
Total Cost	**$293.6**	**$333.9**	**$313.9**	**$332.5**	**6.4%**
Projected General Fund Surplus			**$5.9**		
Projected Total Fund Surplus			**$20.0**		

DLS: Department of Legislative Service

Source: Department of Legislative Services

The baseline anticipates a negative deficiency of $20 million in total funds in fiscal 2023, reflecting a projected funding surplus due to lower caseloads compared to caseload estimates included in the fiscal 2023 operating budget. This surplus primarily consists of federal funds ($13.8 million) and general funds ($5.9 million).

Total expenditures in fiscal 2024 are expected to grow from $313.9 million to $332.5 million, an increase of approximately $18.6 million ($16.0 million in general funds and approximately $2.6 million in federal funds). This increase occurs due to the anticipated growth in the foster care caseload in fiscal 2024 combined with the effects of provider rate increases, with the largest increases in expenditures occurring in the purchased home and purchased institution placement types. The fiscal 2024 baseline assumes a 4% rate increase in fiscal 2024 consistent with other provider types. Actual provider rate increases are expected to be determined by the Interagency Rates Committee under its normal rate setting process.

Assistance Payments

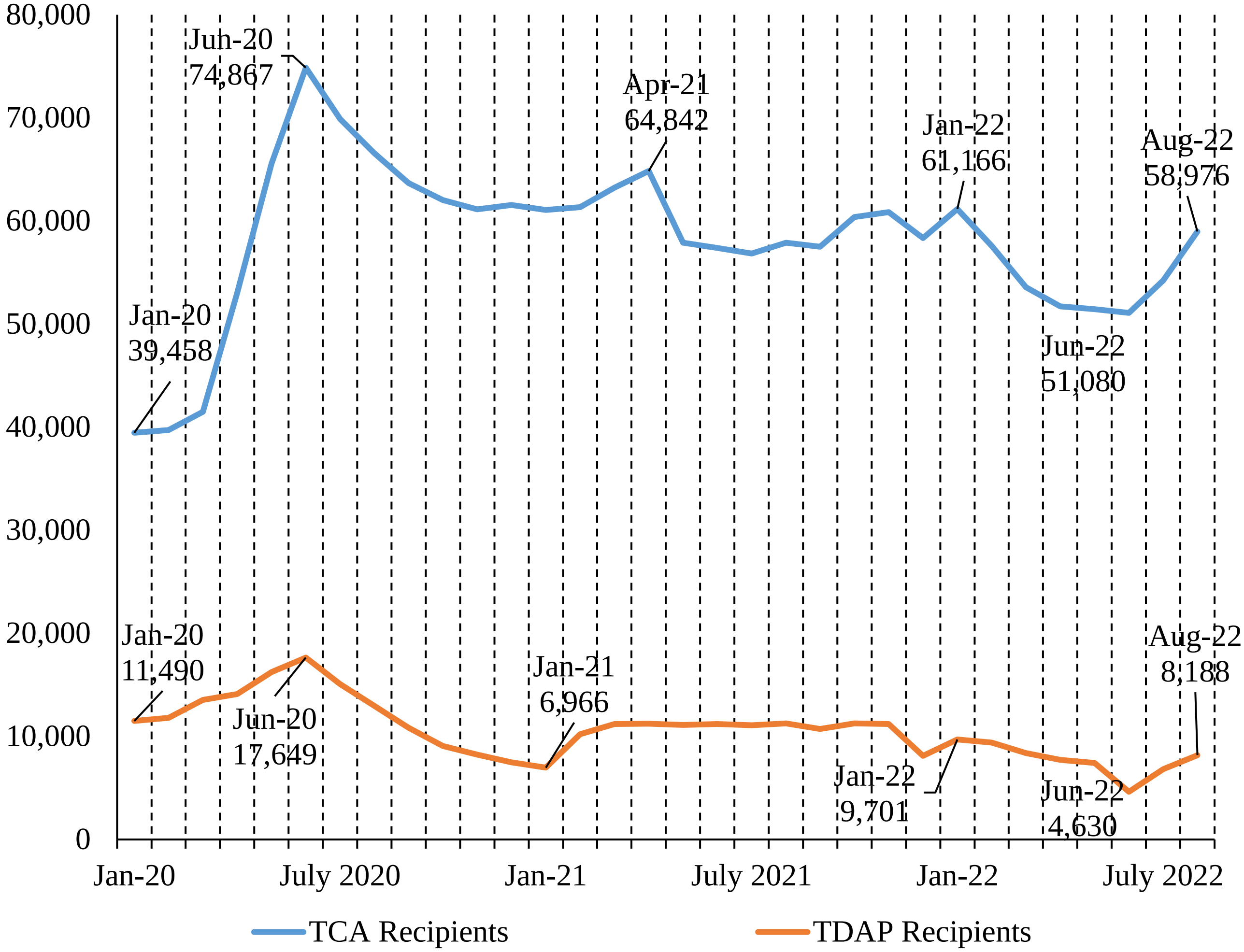
Temporary Cash Assistance (TCA) provides monthly cash grants to needy children and their parents or relative caretakers. The program is funded with general funds, federal Temporary Assistance for Needy Families block grant dollars, and certain child support collections. Statute requires the TCA benefit in combination with the Supplemental Nutrition Assistance Program (SNAP) to equal at least 61.25% of the Maryland Minimum Living Level (MMLL).

The Temporary Disability Assistance Program (TDAP) provides a limited monthly cash benefit for disabled adults. The State provides the benefits for individuals with a short-term disability (at least 3 months but less than 12 months) or for a long-term disability for individuals pursuing a Supplemental Security Income (SSI) benefit. The State is reimbursed for the cash assistance paid during the processing of the SSI application.

Enrollment Trends

Enrollment in TCA and TDAP has varied during the course of the COVID-19 pandemic. In January 2020, the number of TCA recipients was at an all-time program low (39,458), and the number of TDAP recipients was at the lowest level since June 2008 (11,490). The number of recipients in both programs increased rapidly beginning in March 2020 due the economic ramifications of the COVID-19 pandemic and alterations in application processing and recertifications, which made it easier for households to receive and maintain benefits. By June 2020, the number of recipients of TCA reached 74,867 (88.5% higher than February 2020) near the Great Recession peak, and the number of TDAP recipients climbed to 17,649 (49.4% higher than February 2020). Following June 2020, both programs experienced declines in recipients reflective of improvements in the economy through reduced unemployment rates, a temporary end to an extension of redetermination for various public benefits, and enforcement of certain requirements for documentation that were delayed during the early months of the pandemic. In October 2020, DHS began to again issue extensions of the recertification periods for TCA and TDAP.

TCA and TDAP Recipients
January 2020 to August 2022



TCA: Temporary Cash Assistance
TDAP: Temporary Disability Assistance Program

Source: Department of Human Services

With that extension of recertifications, the number of TCA recipients increased initially before declining to approximately 58,000 in May 2021. The number of recipients stayed near that level for several months before slightly increasing in fall 2021, peaking at 61,166 in January 2022. DHS once again began recertifications in January 2022, and the number of recipients decreased substantially to 41,706 in April 2022. In the first two months of fiscal 2023, the number of recipients increased once again likely due to a return from those who had benefits terminated for paperwork related reasons earlier in the calendar year.

Despite the recertification extensions, the number of TDAP recipients continued to decline each month to all-time program lows primarily because recipients began to again be required to submit documentations, including medical verifications, which posed challenges for recipients as access to doctors remained limited and postal challenges made delivery of the documentation difficult. Chapter 39 of 2021 (RELIEF Act) contained provisions that required the reenrollment of certain TDAP recipients and prohibited most case closures through June 30, 2021. With the implementation of the RELIEF Act, the number of TDAP recipients initially rose and then stabilized around 11,000 through November 2021, just below prepandemic levels. The number of recipients decreased substantially in December 2021, in part due to a system error. In January 2022, the number of recipients was 9,701 but declined once again to the restart of recertifications in that month. In June 2022, the number of recipients was substantially below any month in program history (fewer than 5,000). In the first two months of fiscal 2022 the number of recipients increased, likely due to a return from those who had benefits terminated for paperwork-related reasons earlier in the calendar year. However, this level remains substantially below prepandemic levels.

Temporary Cash Assistance Caseloads and Expenditure Trends

Despite the increases in the initial months of fiscal 2023, DLS projects that the TCA caseload will continue to decline through fiscal 2024, reflecting the continued improvement of the economy and case closures associated with recertifications. However, the rate of the decline will be modest in fiscal 2023 (3.25%) due to the increases early in the year. In fiscal 2024, DLS projects a decrease of 13% in the average monthly recipients.

The increase in SNAP benefits in federal fiscal 2022 was higher than was needed to account for an inflation due to a reevaluation of the Thrifty Food Plan upon which benefits were based. In addition, the updated SNAP benefits announced for federal fiscal 2023 are approximately 12.5% higher than federal fiscal 2022. This increase is higher than the inflation level in the MMLL calculation. Due to these high benefit levels, the current TCA maximum grant level plus SNAP benefits is expected to remain higher than 61.25% of the MMLL through fiscal 2025. As a result, no change in TCA benefit levels is projected in either fiscal 2023 or 2024.

Despite this, the average benefit will decline in fiscal 2023. The average benefit level in fiscal 2022 was inflated by an additional $100 per recipient per month benefit provided for the first half of the year and a four-month phase-down from that level provided from January through April 2022. An additional benefit of a lower level ($45 per recipient per month) is being provided in fiscal 2023, but the funding is contained within the Dedicated Purpose Account (DPA) and therefore not reflected in these figures.

Due to the higher anticipated caseload than is supported by the fiscal 2023 appropriation, DLS projects a shortfall of $10.8 million in funding for TCA. The general fund shortfall is slightly less at $7.9 million due to the anticipation of higher than budgeted levels of Child Support Offset funds. Both total and general fund expenditures are projected to decrease in fiscal 2024 due to the anticipated decline in the average monthly caseload.

Temporary Cash Assistance Enrollment and Funding Trends
Fiscal 2022-2024

	2022	Leg. Approp. 2023	DLS Estimate 2023	DLS Estimate 2024	% Change 2023-2024
Average Monthly Enrollment	56,530	52,053	54,691	47,583	-13.0%
Average Monthly Grant	$297.94	$225.64	$231.24	$231.24	0.0%
Budgeted Funds ($ in Millions)					
General Funds	$24.5	$39.2	$47.1	$27.4	92.7%
Total Funds	**$186.2**	**$140.9**	**$151.8**	**$132.0**	**-18.5%**
Estimated Shortfall			**-$10.8**		
Estimated GF Shortfall			**-$7.9**		

DLS: Department of Legislative Services

Note: The fiscal 2022 average monthly grant includes an additional $100 per recipient per month additional benefit provided for July through December 2021 and a phase-down benefit provided from January through April 2022. Fiscal 2022 expenditures include funding for the July through December additional benefit but not the phase-down benefit, which cannot be separated from other activities funded through the Pandemic Emergency Assistance Fund. Fiscal 2023 average monthly grant and total expenditures do not account for a $45 per recipient per month expenditure funded within the Dedicated Purpose Account.

Source: Department of Human Services; Department of Legislative Services

TDAP Caseloads and Expenditure Trends

Overall, DLS projects the number of TDAP recipients to return to a level closer to that of the early months of calendar 2022 prior to the restart of recertifications. However, because of the lower level of recipients in the early months of fiscal 2023, the average monthly number of recipients is expected to be lower than in fiscal 2022, before increasing in fiscal 2024. This number of recipients is substantially below the prepandemic levels in the program.

Chapter 408 of 2018 established a plan for increasing the TDAP maximum benefit beginning in fiscal 2020 to the level of the maximum allowable payment for a one-person household in TCA by fiscal 2027. This phase-in would have provided benefits of 78% in fiscal 2022, 82% in fiscal 2023, and 86% in fiscal 2024 of the TCA one-person benefit. However, Governor Lawrence J. Hogan, Jr. announced benefits in the program would increase to 100% of the one-person TCA level beginning in January 2022, ahead of the required schedule. The fiscal 2023 budget continued funding benefits at that level, and DLS assumes that this was a permanent early phase-in of the Chapter 408 requirements. However, as noted earlier, DLS does not anticipate an increase in TCA benefit levels through fiscal 2024, and as a result, the TDAP benefit is also projected to remain level. The change in the average benefit in fiscal 2023 results from the annualization of the early phase-in of Chapter 408 requirements, partially offset by the elimination of the $100 per recipient per month additional benefit from the first half of fiscal 2022. As with TCA, TDAP recipients will receive a $45 per recipient per month additional benefit in fiscal 2023, but the funding is provided within the DPA and is not reflected in this exhibit.

Overall, DLS is projecting a surplus of $10.5 million in fiscal 2023 due to a lower than budgeted caseload. The general fund surplus is projected to be less ($8.4 million) due to an anticipated overstatement of federal reimbursement in the program budgeted as special funds. Expenditures in fiscal 2024 are expected increase due to growth in the average monthly number of recipients in the program.

Temporary Disability Assistance Program
Enrollment and Funding Trends
Fiscal 2022-2024

	2022	Leg. Approp. 2023	DLS Estimate 2023	DLS Estimate 2024	% Change 2023-2024
Average Monthly Enrollment	9,242	11,282	8,660	9,491	9.6%
Average Monthly Grant	$399.61	$328.00	$326.00	$326.00	0.0%
Budgeted Funds ($ in Millions)					
General Funds	$31.0	$38.2	$29.8	$33.1	10.9%
Total Funds	**$44.1**	**$44.4**	**$33.9**	**$37.1**	**9.6%**
Estimated Surplus			**$10.5**		
Estimated General Fund Surplus			**$8.4**		

DLS: Department of Legislative Services

Note: The fiscal 2022 average monthly grant and expenditures accounts for an additional $100 per recipient per month benefit provided for July through December. Fiscal 2023 average monthly grant and total expenditures do not account for a $45 per recipient per month expenditure funded within the Dedicated Purpose Account.

Source: Department of Legislative Services

SNAP Supplemental Benefit Programs

Chapter 696 of 2016 established a new State minimum benefit of $30 for SNAP households that have at least one member that is at least 62 years old. The benefit is calculated as the difference between the benefit that the household receives from SNAP and $30. As introduced, the fiscal 2023 budget funded a State benefit of $20 under the program to provide a combined federal and State benefit of $40. Chapter 324 of 2022 made this discretionary increase permanent by codifying the combined minimum benefit of $40 for these households, effective October 1, 2022. In federal fiscal 2023, the federal minimum benefit is $23. As result, the maximum State benefit in fiscal 2023 will be $17 rather than the $20 assumed in the budget development. DLS anticipates that the maximum State benefit will decrease in fiscal 2024 to $16, due to an anticipated inflationary increase in the federal minimum benefit.

In response to the COVID-19 recession, SNAP benefits for all households were increased to the maximum level for that household (referred to as emergency allotments) for as long as the national PHE or Maryland state of emergency/limited emergency declaration lasts (whichever is shorter). DLS currently anticipates the national PHE will expire in January 2023. Since the introduction of emergency allotments, the benefit has been suspended as no households have received less than the minimum benefit. DLS forecasts that when benefits resume under this program in the second half of fiscal 2023, 19% more households than were receiving benefits through the program in March 2020 will receive these benefits based generally on the rate of growth in seniors in SNAP since that time. DLS forecasts that the number of households receiving these benefits will increase slightly through fiscal 2024.

The SNAP Supplemental Benefit for Seniors program is expected to have a surplus of $3.5 million in fiscal 2023, due to the benefit only being in place for a portion of the year rather than the full year as budgeted and a lower benefit upon its resumption than anticipated. In fiscal 2024, DLS projects expenditures totaling $3.9 million with a return to the benefit for a full year. This level of spending would be only slightly higher than fiscal 2019 (the last year the benefit was provided for a full year) as the benefit would be nearly the same, despite the change in calculation required under Chapter 324.

SNAP

Consistent with TCA and TDAP, the SNAP caseload dramatically increased beginning in March 2020 due to the economic effects of the COVID-19 pandemic. Between February 2020 and July 2020, the number of SNAP cases increased by 45.7%, while recipients increased by 44.4%. Both the number of cases (469,743) and number of recipients (854,133) in July 2020 substantially exceeded the Great Recession peak. Following the initial surge, the number of cases and recipients fell as DHS restarted recertifications. However, in October 2020, DHS began extending recertifications once again, and some cases were reenrolled. As a result, the caseload climbed again, stabilizing briefly before increasing again beginning in July 2021. The number of cases reached a new all-time program high in February 2022 of 503,336 cases (which included 881,093 recipients). As noted earlier, DHS began recertifications for benefits in January 2022, and as a result, SNAP cases began to decrease in March 2022. Cases fell to the lowest level since the start of the pandemic in July 2022 (342,648 or 621,151 recipients) before beginning to increase in August 2022, likely due to a return from those who had benefits terminated for paperwork-related reasons earlier in the calendar year. Despite that rebound, DLS forecasts a substantial decline in cases in fiscal 2023 due to the ongoing recertifications and general economic improvement, and a smaller decline in fiscal 2024.

The fiscal 2023 budget was based on the fiscal 2021 actual level of expenditures. Expenditures in that year included a higher caseload than is expected for fiscal 2023 and emergency allotments for a full year rather than a partial year. As a result, DLS anticipates a surplus of approximately $362 million in federal SNAP benefits in the fiscal 2023 budget. Partially offsetting this surplus is a shortfall related to the Pandemic Electronic Benefit Transfer (P-EBT) program. The fiscal 2023 budget did not anticipate P-EBT benefits would be provided in that year. However, the actual timing of issuances related to the 2021-2022 school year and summer benefits is expected to lead to approximately $330 million of these benefits being provided in fiscal 2023.

SNAP expenditures in fiscal 2024 are expected to decrease by an additional $362 million compared to fiscal 2023, to $1.2 billion. This decrease is primarily due to a full year of benefits issued without emergency allotments, and a lower caseload.

Deficiency Appropriations

The fiscal 2024 baseline includes deficiency adjustments withdrawing a net $40.9 million from fiscal 2023, which includes:

- $34.7 million of federal funds, primarily related to SNAP benefits;

- $5.1 million in general funds after accounting for the anticipated TCA shortfall primarily due to surpluses in TDAP and SNAP Supplemental Benefit for Seniors; and

- approximately $1 million in special funds, resulting from a higher availability of child support offset funds to support TCA more than offset by lower anticipated federal reimbursement in the TDAP program, and lower anticipated child support pass through payments and local support for eviction assistance to align with historical experience.

Employee Compensation Overview

Employee Compensation Overview

With respect to State employees, the following assumptions are made.

- ***4.5% Cost-of-living Adjustment (COLA Annualization), 2% COLA, 5% State Law Enforcement Officers Labor Alliance (SLEOLA) COLA, and Merit Increases:*** The fiscal 2024 baseline includes funding for the annualization of the 4.5% COLA provided to employees November 1, 2022, a 2% COLA effective July 1, 2023, a 5% COLA for SLEOLA members, as well as merit increases for all employees. Baseline assumes a deficiency of \$206.3 million (\$114.1 million general funds) for the partial year of funding for the November 2022 COLA, increasing by \$119.2 million (\$92.8 million general funds) in the fiscal 2024 baseline. Funding for these purposes totals \$646.7 million (\$410.7 million in general funds) in the fiscal 2024 baseline.

- ***Fiscal 2023 State Health Insurance Deficiency and Fiscal 2024 State Health Insurance Subsidy:*** Due to higher than anticipated medical and prescription drug costs, the baseline assumes a \$40 million general fund deficiency appropriation to the Employee and Retiree Health Insurance Account and a \$105 million general fund contribution in fiscal 2024.

- ***Employee and Retiree Health Insurance:*** State health insurance expenditures support employee and retiree pay-as-you-go health insurance costs. The baseline budget projects that fiscal 2024 claims will total \$1.9 billion, a decrease of 1.3% from fiscal 2023. Fiscal 2024 baseline health insurance expenditures increase by \$106 million across all funds (not including the subsidy contributions above) compared to the fiscal 2023 legislative appropriation.

- ***Employees' Retirement and Pensions:*** Fiscal 2024 baseline expenditures increase by \$26 million due to rate changes compared to the fiscal 2023 legislative appropriation. These estimates include higher education spending on pension costs, including funding for the Optional Retirement Program for certain university employees, which has a constant rate of 7.25%. Specific changes to the different plans are as follows:

  - an increase of \$18.5 million (\$11.3 million in general funds) for the Employees' State Retirement and Pension Systems;

  - an increase of \$1.9 million (all general funds) for the judges plan;

  - although most teachers work for local governments, the State does employ some teachers; therefore, there is an adjustment to reflect that this plan's costs increase by approximately \$400,000 (\$200,000 in general funds);

  - the State Police retirement plan appropriations increase by $4 million ($3.3 million in general funds); and

  - the Law Enforcement Officers' Pensions System appropriations increase by $1.2 million ($0.7 million in general funds).

- ***Annual Salary Review:*** The fiscal 2024 baseline assumes $20 million ($16 million in general funds) will be provided for the Annual Salary Review.

- ***Family and Medical Leave Insurance Program (FAMLI) Contribution:*** The fiscal 2024 baseline assumes State employer contributions for State employees to the FAMLI program of $17.8 million ($13.5 million general funds).

Maryland Department of Health

The Maryland Department of Health (MDH) regulates the State's health care system, coordinates the delivery of public health services, and acts as a direct care provider. For the purposes of this section, provider reimbursements made under the Medical Care Programs Administration (Medicaid), including Medicaid Behavioral Health, are excluded from the budget information provided below and are instead discussed in the Entitlement Programs section. For example, Medicaid payments for nursing homes and somatic health care are excluded from this discussion, while Medicaid payments for services for the developmentally disabled are included.

Expenditures, Funds, and Positions for the Maryland Department of Health

Fiscal 2021-2024
($ in Thousands)

	Actual 2021	Working 2022	Leg. Approp. 2023	Baseline 2024	$ Increase 2023-2024	% Increase 2023-2024
Expenditures						
Administration	$558,453	$570,829	$598,194	$673,849	$75,655	12.7%
Office of Health Care Quality	25,928	25,317	29,384	33,972	4,588	15.6%
Health Professional Boards and Commissions	42,877	45,792	50,936	57,860	6,923	13.6%
Public Health Administration	1,794,333	161,736	162,828	175,626	12,797	7.9%
Prevention and Health Promotion Administration	736,900	1,123,847	628,184	462,249	-165,935	-26.4%
Behavioral Health Administration	458,181	527,639	566,665	550,847	-15,817	-2.8%
Developmental Disabilities Administration	1,477,295	1,613,686	1,690,370	1,810,197	119,827	7.1%
Medical Care Programs Administration	154,979	211,725	263,733	183,242	-80,491	-30.5%
Total	**$5,248,945**	**$4,280,572**	**$3,990,295**	**$3,947,842**	**-$42,453**	**-1.1%**
Fund						
General Fund	$1,988,098	$1,745,188	$2,027,296	$2,169,119	$141,823	7.0%
Special Fund	994,981	250,613	285,054	293,733	8,679	3.0%
Federal Fund	2,105,803	2,257,571	1,651,316	1,457,299	-194,017	-11.8%
Reimbursable Fund	160,064	27,200	26,630	27,631	1,002	3.8%
Total	**$5,248,945**	**$4,280,572**	**$3,990,295**	**$3,947,783**	**-$42,513**	**-1.1%**

Note: The fiscal 2023 legislative appropriation excludes anticipated deficiency appropriations and funds budgeted in the Dedicated Purpose Account and Rainy Day Fund.

Major Program Changes

The most significant baseline changes within the various programs in MDH, other than statewide personnel cost increases, are detailed further in this section.

MDH Administration

The fiscal 2024 baseline removes $1.3 million in general funds provided in Supplemental Budget No. 4 for a one-time grant to the Steering Committee on Services for Adults with Sick Cell Disease.

The fiscal 2024 baseline includes adjustments to account for the anticipated impact of legislation enacted in the 2022 session. An increase of $500,000 in general funds results from Chapter 223 of 2022 that extends the termination date of the Data-Informed Overdose Risk Mitigation report to July 1, 2024, for contract costs associated with the production of this report.

The fiscal 2024 baseline includes two adjustments for Major Information Technology Development Projects. One removes $2.1 million of special funds for the Maryland AIDS Drug Assistance Program Case Management System because this project is expected to be supported solely with general funds in fiscal 2024. The second reduces federal funds for the Integrated Electronic Vital Records Registration System by $760,162 based on the project schedule.

A series of adjustments alter funding for repayment of energy performance contracts at various State facilities based on repayment schedules including:

- an increase of $121,615 in general funds for Springfield Hospital Center;
- decreases totaling $120,365 in general funds for Clifton T. Perkins Hospital Center and the Holly Center; and
- a decrease of $1.1 million in special funds due to the end of repayments for an energy performance contract for Spring Grove Hospital Center.

Office of Health Care Quality

The Office of Health Care Quality (OHCQ) within MDH is responsible for completing State and federally mandated surveys of health care facilities, including nursing homes and assisted living facilities. After the office had difficulty completing the mandated surveys, Chapter 454 of 2018 mandated additional personnel in OHCQ annually from fiscal 2020 through fiscal 2024. The fiscal 2024 baseline includes funding for 10 new positions, totaling $1.06 million in general funds.

Health Professional Boards and Commissions

The fiscal 2024 baseline includes several adjustments to provide funding for legislation enacted in the 2022 session, including:

- an increase of $376,219 in special funds and 2 new positions in fiscal 2023 to complete a comprehensive baseline study of the cannabis market as required in Chapter 26 of 2022. A separate adjustment removes $200,000 of these expenses that are one-time in nature and do not continue in fiscal 2024;

- an increase of $299,011 in special funds to implement Chapter 675 of 2022 that requires the State Board of Nursing to hire 4 additional staff members to review and evaluate the State's nursing workforce, its curriculum, and other training programs;

- an increase of $282,599 in special funds for the hiring of 2 new staff to review initial and renewal dialysis technician certifications under Chapter 681 of 2022. A separate adjustment removes $150,000 of these expenses that are one-time in nature and do not continue in fiscal 2024;

- 2 new positions and an increase of $95,713 in special funds to allow the Board of Dental Examiners to hire office clerks to update policies and procedures as well as review application documents for dental assistants who want to become expanded function dental assistants under Chapter 364 of 2022; and

- 2 new positions and an increase of $114,261 in special funds to administer the new assisted living program manager licensure program under Chapter 690 of 2022.

Public Health Services

In the Prevention and Health Promotion Administration (PHPA) under MDH Public Health Services, the fiscal 2024 baseline removes $169.2 million in one-time COVID-19-related federal fund expenditures. These funds predominantly support the State's testing capacity and vaccine distribution efforts, among other pandemic response activities in fiscal 2023. PHPA's baseline also removes $10 million for one-time cancer research grants to statewide academic health centers that were provided in Supplemental Budget No. 5.

Across PHPA and other offices within MDH Public Health Services, the fiscal 2024 baseline makes the following adjustments related to legislation passed during the 2022 session.

- Beginning in fiscal 2023, PHPA's baseline includes 0.5 regular positions, 5.0 contractual positions, and $127,126 in general funds for personnel costs to oversee and vet the results of a job applicant's federal criminal history records check (if requested by the operator of a youth camp or youth development organization or program), as required in Chapter 186 of 2022.The fiscal 2024 baseline includes 2 regular positions, 1 contractual position, and

$234,706 in personnel costs starting in fiscal 2023 for the Office of Population Health Improvement to administer a new MLARP for Nurses and Nursing Support Staff, established in Chapter 314 of 2022.

- Beginning in fiscal 2023, the Office of Population Health Improvement baseline further increases by 1.0 contractual position, $45,330 in personnel costs, and $100,000 in federal funds for tax credits to administer licensed practical nurse and registered nurse preceptorship income tax credits, as established in Chapter 675.

- Under the Office of the Deputy Secretary for Public Health Services, the baseline assumes general fund expenditures increase by $400,000 to backfill an equivalent amount of special funds from the Organ and Tissue Donation Awareness Fund in fiscal 2023 due to Chapter 273 of 2022 eliminating a required annual payment from the special fund. Chapter 273 also requires that the Governor appropriate the difference between donations supporting the Organ and Tissue Donation Awareness Fund and $500,000 and that the annual special fund payment total $500,000, beginning in fiscal 2024. The fiscal 2024 baseline restores the special fund payment to $500,000 and includes $380,000 in general funds based on an estimated $120,000 in annual donations to the special fund.

Behavioral Health Administration

For the Behavioral Health Administration, the largest changes concern the fee-for-service (FFS) programs. Beyond the traditional FFS spending on behavioral health services through Medicaid, which are discussed in the Entitlements section, the State also funds certain services for the Medicaid-eligible population that are not covered under Medicaid. The State also continues to provide behavioral health services for individuals who may have lost their Medicaid or other health coverage but, due to certain factors, continue to receive the behavioral health services that they need. In the fiscal 2024 baseline, the cost of the services for the Medicaid-eligible population decreases by $10.9 million compared to the fiscal 2023 legislative appropriation due to a combination of anticipated lower-than-budgeted spending in fiscal 2023 and an expected decrease in Medicaid enrollment following the end of the enrollment freeze. The cost of services for the non-Medicaid-eligible population is expected to decrease by $7.2 million compared to the legislative appropriation primarily due to costs in fiscal 2023 that are expected to be lower than budgeted based on recent experience and the ongoing freeze in Medicaid enrollment. Although funding decreases in both programs, the Department of Legislative Services anticipates providers under these programs receive mandated rate increases.

The fiscal 2024 baseline includes a series of adjustments to remove one- or limited-time funding provided in Supplemental Budget No. 4 including:

- $2.6 million in general funds for a contract for Sheppard Pratt Hospital to expand a patient care coordination center and referral system for behavioral health patient placement;

- $500,000 to conduct a network adequacy assessment of substance use disorder treatment providers available for children under the age of 18, which was also required under Chapter 251 of 2022; and

- $50,000 in general funds for a contract with HC DrugFree to support behavioral health needs in Howard County.

The fiscal 2024 baseline also includes a number of adjustments to provide funding for legislation enacted in the 2022 session. These adjustments provide:

- an increase of $1.0 million in general funds in fiscal 2024 due to Chapter 731 of 2022 that mandates this funding in fiscal 2024 only for the Post-Traumatic Stress Disorder and Traumatic Brain Injury Alternative Therapies Fund established by the legislation;

- an increase of $500,000 in general funds to fully fund the fiscal 2024 mandated appropriation ($5.5 million) under Chapter 145 and 146 of 2022 for the 9-8-8 Trust Fund. Supplemental Budget No. 4 to the fiscal 2023 budget previously provided $5 million for this purpose in fiscal 2023; and

- 2 positions and a total of $276,386 in general funds in fiscal 2023 for funding associated with the positions as well as costs to enhance the Chesapeake Regional Information Systems for our Patients database to support the establishment of the Maryland Suicide Fatality Review Committee required in Chapters 80 and 81 of 2022. A separate adjustment reflects the annualized funding for positions and removes one-time costs, for a net reduction of $45,859 in fiscal 2024.

Developmental Disabilities Administration

The Developmental Disabilities Administration (DDA) baseline budget increases by $66.7 million in total funds ($35.3 million in general funds, $0.3 million in special funds, and $31.1 million in federal funds) to continue to support a 4.0% provider rate increase for community service contracts as part of Chapters 10 and 11 of 2019 (Labor and Employment – Payment of Wages – Minimum Wage (Fight for Fifteen)). Fiscal 2024 baseline expenditures also increase by $33.1 million in total funds ($17.5 million in general funds, $0.1 million in special funds, and $15.5 million in federal funds) for expanded placements and services in the Community Services Program after accounting for projected growth in that program.

The DDA baseline in fiscal 2024 includes the following one-time deficiency appropriations:

- $34.2 million in general funds for the purposes of paying the federal disallowance to the Centers for Medicare and Medicaid Services for overbilled residential habilitation add-on services; and

- $70.2 million of savings from the extension of the federal public health emergency for DDA Community Services. This number includes the additional one-time 4% provider rate increase that was provided in Supplemental Budget No. 3 of 2022.

The fiscal 2024 baseline also includes an adjustment to provide $29.9 million (50% general funds and 50% federal funds) for implementation of Chapter 737 of 2022, beginning in fiscal 2023. This legislation provides funding for 2 health policy analysts and related contractual services, who will be tasked with applying for an amendment to the Community Pathways Waiver to allow overnight supports as well as collect utilization data and submit required reports. The remaining increase supports training and costs of services.

The fiscal 2024 baseline also includes an adjustment to reduce federal American Rescue Plan Act funds for Home and Community Based Services by $12.5 million in fiscal 2024 to account for the anticipated availability of funding. DDA is required to spend these funds by March 2024.

Medical Care Programs Administration

Medicaid's baseline includes approximately $56.8 million in federal funds in fiscal 2024 to continue work on two major information technology projects: the Medicaid Management Information System (MMIS) II (also referred to as the Medicaid Enterprise Systems Modular Transformation project); and the Long Term Services and Supports (LTSS) Tracking System. These funds are in addition to general funds contained in the Major Information Technology Project Development Fund under the Department of Information Technology. Federal funding in the baseline for MMIS II is approximately $91.3 million lower than that provided in the fiscal 2023 appropriation, and the LTSS tracking project is level funded. Fiscal 2024 funding needs for the MMIS project were reduced from previous estimates when the project's anticipated completion date was extended from calendar 2025 to 2027.

Health Regulatory Commission

Chapter 36 of 2021 (commonly referred to as the Blueprint for Maryland's Future) established the Maryland Consortium on Coordinated Community Supports within the Maryland Community Health Resources Commission (MCHRC) to meet student behavioral health needs and other related challenges in a holistic, nonstigmatized, and coordinated manner. Chapter 713 of 2022 increased the consortium's mandated staffing level beginning in fiscal 2023 and funding level beginning in fiscal 2024. MCHRC's fiscal 2024 baseline reflects an increase of 2 regular positions in fiscal 2023 with salaries and fringe benefits totaling $179,997 in special funds from the Blueprint for Maryland's Future Fund. The fiscal 2024 baseline further increases by $35 million to a total of $85 million in special funds supporting the consortium, in accordance with Chapter 713.

The Maryland Health Care Commission (MHCC) and Health Services Cost Review Commission (HSCRC) are independent commissions within MDH that each have a special fund consisting of user fees to support operating expenses. Multiple pieces of legislation passed during the 2022 session raised the annual cap set for the commissions' user fees, increasing anticipated operating expenses in the fiscal 2024 baseline.

- MHCC assesses health care payors, hospitals, nursing homes, and health care practitioners a fee that is set every four years based on an analysis of MHCC's workload. Chapters 711 and 712 of 2022 increased the MHCC user fee cap from $16 million to $20 million. As a result, the baseline includes a $4 million increase in special fund spending, beginning in fiscal 2023.

- HSCRC's special fund consists of user fees assessed on hospitals and related institutions whose rates have been approved by the commission. Chapters 696 and 697 of 2022 increased the annual cap for HSCRC user fees from $16 million to the greater of (1) 0.1% of the immediately proceeding fiscal year's budgeted, regulated, gross hospital revenue or (2) the largest cap amount determined during the immediately preceding five fiscal years. The baseline reflects a $3.7 million increase in HSCRC special fund spending in fiscal 2023 and $4.3 million increase in special fund spending in fiscal 2024, based on 0.1% of the fiscal 2022 and projected fiscal 2023 budgeted, regulated, gross hospital revenues.

MHCC initially provided funding and staff for the Prescription Drug Affordability Board when it was first established. Chapters 4 and 28 of 2021 required the Prescription Drug Affordability Board to repay MHCC for its expenses using special funds from the commission's budget over a three-year period beginning in fiscal 2021. Therefore, the fiscal 2024 baseline reflects a $400,000 special fund reduction to account for the fiscal 2023 MHCC repayment.

Department of Human Services

The Department of Human Services (DHS) administers its programs through a State supervised and locally administered system. DHS is responsible for programs related to child and adult welfare, child support enforcement, and family investment. Spending related to public assistance and foster care maintenance payments is discussed in the Entitlements Program section.

Expenditures, Funds, and Positions for the Department of Human Services
Fiscal 2021-2024
($ in Thousands)

	Actual 2021	Working 2022	Leg. Approp. 2023	Baseline 2024	$ Increase 2023-2024	% Increase 2023-2024
Expenditures						
Administration	$307,489	$270,973	$253,529	$265,206	$11,677	4.6%
Social Services	309,551	332,362	328,016	370,508	42,493	13.0%
Child Support Administration	101,561	95,610	97,387	106,340	8,953	9.2%
Family Investment	279,011	271,812	279,457	306,044	26,587	9.5%
Office of Home Energy Programs	153,652	241,948	195,904	198,745	2,842	1.5%
Total	**$1,151,264**	**$1,212,705**	**$1,154,292**	**$1,246,843**	**$92,551**	**8.0%**
Fund						
General Fund	$384,699	$398,500	$402,273	$460,013	$57,740	14.4%
Special Fund	75,428	94,970	147,016	151,458	4,442	3.0%
Federal Fund	662,141	710,759	597,061	627,321	30,260	5.1%
Reimbursable Fund	28,997	8,475	7,943	8,051	109	1.4%
Total	**$1,151,264**	**$1,212,705**	**$1,154,292**	**$1,246,843**	**$92,551**	**8.0%**

Note: The fiscal 2023 legislative appropriation excludes anticipated deficiency appropriations and funds budgeted in the Dedicated Purpose Account.

Other than statewide personnel cost increases, which can be very significant in any given program, the most significant baseline changes within the various programs in DHS are detailed further in this section.

Montgomery County Block Grant

The fiscal 2024 baseline includes a series of adjustments to account for increments and general salary increases in fiscal 2022, 2023, and anticipated for fiscal 2024 in the Montgomery County Block Grant. In all jurisdictions except Montgomery County, most of the major functions of the department are administered by local departments of social services (LDSS) functioning as branches of the State office in each jurisdiction. Positions in these LDSS are State employees. In Montgomery County, these are local positions, except for the Executive Director and those working in the child support function. DHS provides funding to support general administration, child welfare services, adult services, and family investment services to Montgomery County through a block grant. As part of this funding, the State supports funding for the positions operating in these functions equivalent to what the positions would have been paid if they were State positions (as is the case in all other jurisdictions). These adjustments result in increases totaling:

- $2.5 million in the Local Family Investment Program;
- $2.1 million in Child Welfare Services;
- $877,972 in Adult Services; and
- $426,200 in Administration.

Administration

The fiscal 2024 baseline anticipates a one-time deficiency needed in fiscal 2023 to fund the legacy child support management system in that year. The legacy system is being retained during the ongoing statewide transition to the new child support management system that is being developed as part of the Maryland Total Human Services Integrated Network Major Information Technology Development Project. The fiscal 2023 deficiency is anticipated to total approximately $14.1 million, including $9.2 million in federal funds and $4.9 million in general funds. The new child support management system is expected to be fully functional in fiscal 2024.

Office of Grants Management

The fiscal 2024 baseline includes two adjustments to remove funding for one-time grants to Operation Warm and the Parent Encouragement Program provided in Supplemental Budget No. 4 to the fiscal 2023 budget, a total of $500,000 in general funds.

Office of Home Energy Programs

The fiscal 2024 baseline for the Office of Home Energy Programs contains three adjustments to reflect the availability of funds to support the energy assistance programs in fiscal 2024. The fiscal 2024 baseline includes an adjustment to remove one-time federal stimulus funds totaling $569,885 in fiscal 2023. These federal funds were included in the fiscal 2023 operating budget to support the utility arrearage and bill assistance provisions of Chapters 638 and 639 of 2021. Another adjustment increases special funds available from the Regional Greenhouse Gas Initiative-sourced Strategic Energy Investment Fund revenue for energy assistance in fiscal 2024 by approximately $1.8 million based on available revenue. Lastly, the fiscal 2024 baseline reflects increased general fund expenditures of $1.4 million beginning in fiscal 2023, which are assumed to continue in fiscal 2024, as required by Chapters 665 and 666 of 2022 (Power to the People Pilot Program Personnel and Uniform Redetermination Process) for increased contractual expenses related to changes to the redetermination process.

Department of Public Safety and Correctional Services

The Department of Public Safety and Correctional Services (DPSCS) is a unit of State government whose primary focus is the supervision and management of Maryland's criminal population. The department's functions include the operation of State correctional and Baltimore City pretrial facilities as well as the supervision of offenders in the community via parole, probation, pretrial supervision, and home detention. Other agencies within the department include the Office of the Secretary, the Maryland Parole Commission, the Inmate Grievance Office, the Police and Correctional Training Commissions, and the Maryland Commission on Correctional Standards.

Expenditures, Funds, and Positions for the Department of Public Safety and Correctional Services

Fiscal 2021-2024
($ in Thousands)

	Actual 2021	Working 2022	Approp. 2023	Baseline 2024	$ Increase 2023-2024	% Increase 2023-2024
Expenditures						
Administration and Offices	$159,012	$169,029	$169,208	$256,983	$87,775	51.9%
Corrections	858,289	861,576	867,975	900,599	32,624	3.8%
Community Supervision	109,245	113,895	116,232	132,168	15,936	13.7%
Police and Correctional Training Commissions	8,485	10,626	10,662	11,948	1,286	12.1%
Division of Pretrial Detention and Services	254,223	236,366	261,687	295,827	34,140	13.1%
Total	**$1,389,254**	**$1,391,49**	**$1,425,764**	**$1,597,525**	**$171,761**	**12.1%**
Fund						
General Fund	$1,217,313	$927,284	$1,315,090	$1,475,586	$160,496	12.2%
Special Fund	63,166	79,875	78,596	84,873	6,277	8.0%
Federal Fund	71,193	379,768	28,041	32,523	4,482	16.0%
Reimbursable Fund	37,582	4,565	4,037	4,542	505	12.5%
Total	**$1,389,254**	**$1,391,49**	**$1,425,764**	**$1,597,525**	**$171,761**	**12.1%**

Note: The fiscal 2023 legislative appropriation excludes anticipated deficiency appropriations and funds budgeted in the Dedicated Purpose Account and Rainy Day Fund.

Personnel Expenses and Technical Adjustments

The most significant baseline adjustments for DPSCS, excluding those related to statewide personnel changes, relate to its large personnel component:

- decreases of $43.0 million in general funds as a one-time deficiency in fiscal 2023 and $46.0 million in general funds in fiscal 2024 bring budgeted turnover in line with actual vacancies; and

- an increase of $15.3 million in general funds in fiscal 2024 for Retention and Longevity Pay Incentives to make the final payment to the fiscal 2020 cohort.

Operational Expenses

Contractual changes related to project and procurement timelines, caseload changes, and teleworking will impact the estimated budgets for fiscal 2023 and 2024 by way of:

- a net decrease of $3.9 million, including removal of $4.7 million in general funds in fiscal 2023 and partially offset by an increase of $798,000 in general funds in fiscal 2024 that reflects the impact of a new departmentwide food contract;

- an increase of nearly $700,000 in general funds in fiscal 2024 for inmate medical, mental health, and dental contracts based on escalation rates; and

- removal of $536,000 in general funds in fiscal 2024 in accordance with the planned schedule of payments for the State Energy Conservation Loan Fund.

Recent Legislation

Several legislative actions taken during the 2022 session are expected to increase the fiscal 2023 and 2024 budgets for DPSCS:

- Chapter 26 of 2022 (Cannabis Reform) increases the fiscal 2023 appropriation by approximately $546,000 in general funds for the costs of mainframe programming services necessary to expunge criminal records. Expenses increase by an additional $182,000 in general funds in fiscal 2024 to reflect the annualization of these costs;

- Chapter 137 of 2022 expanded the Correctional Officer Death Benefit, adding the cost of one additional beneficiary, or $168,000 in general funds in fiscal 2023;

- Chapter 537 of 2022 (Drinking Driver Monitor Program) increases salary costs by approximately $70,000 in general funds in fiscal 2023, which correlates to approximately 25 existing Monitor II positions being reclassified as Monitor III positions. Expenses increase by an additional $32,500 in fiscal 2024 to reflect the annualization of these costs.

Maryland Department of Transportation

The Maryland Department of Transportation (MDOT) is responsible for statewide transportation planning and the development, operation, and maintenance of key elements of the transportation system. It is involved in all modes of transportation within the State, including owning and operating the Baltimore/Washington International Thurgood Marshall Airport, Martin State Airport, and the public terminals at the Port of Baltimore; constructing and maintaining State roads; regulating and licensing drivers and vehicles; and operating bus and rail transit systems.

MDOT is funded through the Transportation Trust Fund (TTF), a nonlapsing special fund account whose revenue sources include motor fuel tax receipts, titling tax revenues, vehicle registration fees, a portion of the State's corporate income and sales tax, revenues generated by the individual modes, and proceeds from the sale of bonds.

This section discusses MDOT's operating budget. Debt service and capital programs are discussed elsewhere in this report. Changes in the baseline operating budgets of the individual modes are discussed in more detail in the following.

Expenditures, Funds, and Positions for the Maryland Department of Transportation
Fiscal 2021-2024
($ in Thousands)

	Actual 2021	Working 2022	Leg. Approp. 2023	Baseline 2024	$ Increase 2023-2024	% Increase 2023-2024
Expenditures						
The Secretary's Office	$94,169	$100,551	$101,772	$107,669	$5,897	5.8%
WMATA – Operating Budget	425,303	438,123	437,600	466,000	28,400	6.5%
State Highway Administration	321,298	305,190	327,169	360,873	33,704	10.3%
Maryland Port Administration	46,414	50,234	50,019	53,868	3,849	7.7%
Motor Vehicle Administration	201,924	207,090	211,090	234,856	23,766	11.3%
Maryland Transit Administration	870,510	945,902	971,386	1,052,563	81,177	8.4%
Maryland Aviation Administration	220,249	199,384	207,592	218,282	10,690	5.2%
Total	**$2,179,866**	**$2,246,475**	**$2,306,628**	**$2,494,112**	**$187,484**	**8.1%**
Fund						
Special Fund	$1,679,120	$2,018,964	$1,886,885	$2,299,34	$412,459	21.9%
Federal Fund	495,651	227,511	419,743	194,768	-224,975	-53.6%
Reimbursable Fund	5,096	0	0	0	0	0%
Total	**$2,179,866**	**$2,246,475**	**$2,306,628**	**$2,494,112**	**$187,484**	**8.1%**

WMATA: Washington Metropolitan Area Transit Authority

Note: The exhibit reflects personnel for all of the Maryland Department of Transportation. Pay-as-you-go (PAYGO) funding is reflected in the PAYGO funding exhibit. The fiscal 2023 legislative appropriation excludes anticipated deficiency appropriations and funds budgeted in the Dedicated Purpose Account.

The Secretary's Office

The fiscal 2024 baseline includes one adjustment removing the grant for the Pride of Baltimore; fiscal 2023 was the final year of grant funding mandated by Chapter 854 of 2018.

Washington Metropolitan Area Transit Authority

The operating grant subsidy for the Washington Metropolitan Area Transit Authority was modified to reflect the fiscal 2024 grant level assumed in the MDOT draft TTF forecast, an increase of $28.4 million.

State Highway Administration

The fiscal 2024 baseline budget includes adjustments to:

- implement Chapter 533 of 2022 (Safe Walk to School Act) ($250,000);
- increase funding by nearly $4 million for winter maintenance/snow removal to the five-year average expenditure level of $80.0 million; and
- reflect the cash flow on a disparity study contract, a reduction of $1.25 million.

Maryland Transit Administration

The fiscal 2024 baseline budget for the Maryland Transit Administration includes adjustments to:

- implement the Bus Rapid Transit (BRT) grants required by Chapter 61 of 2022 ($86,227 for administering the grants and $14.2 million for the fiscal 2024 grants themselves);
- provide a deficiency appropriation of $14.6 million for fiscal 2023 BRT grants required by Chapter 61;
- implement Chapter 463 of 2022 (Zero-Emission Bus Transition Act Reversions), ($136,870);
- recognize funding increases for mobility services ($16.8 million) and the MARC line access and third-party operator contracts ($9.8 million) and a funding decrease for commuter bus service ($600,000);

- implement Chapter 52 of 2022 (Maryland Regional Rail Transformation Act), ($337,662); and

- recognize a reduction in federal COVID-19/stimulus funds of $230 million, with an increase in special funds of an equal amount.

Maryland Aviation Administration

The fiscal 2024 baseline budget for the Maryland Aviation Administration (MAA) reflects an increase of $600,000 in special funds to conform the annual reimbursement for Maryland Transportation Authority (MDTA) police force services to the expected level, as well as an increase of $700,000 to reflect the MAA loan payment to MDTA. These adjustments conform to the MDTA fiscal 2022 to 2028 financial forecast.

Maryland Port Administration

The fiscal 2024 baseline budget for the Maryland Port Administration includes an increase of $200,000 in special funds to conform the annual reimbursement for MDTA police force services to the expected level. These adjustments are based on the MDTA fiscal 2022 to 2028 financial forecast.

Higher Education – State Colleges and Universities

The baseline budget is comprised of estimated current unrestricted and restricted expenditures for the University System of Maryland (USM), Morgan State University (MSU), St. Mary's College of Maryland (SMCM), and Baltimore City Community College (BCCC). Expenditures are based on estimated mandatory costs and are funded by various revenue sources, including general funds, the Higher Education Investment Fund, tuition and fees, and other unrestricted and restricted fund sources such as the sale of auxiliary and educational services and grants and contracts at each institution.

University System of Maryland and Morgan State University

The baseline assumes costs for USM and MSU increase by an estimated $441.5 million and $19.9 million, respectively. This includes $306.4 million and $15.6 million in current unrestricted funds (primarily State funds and tuition and fee revenue) for USM and MSU, respectively, and the remaining $105.0 million in current restricted funds.

- The baseline budget assumes tuition and fee revenues will increase by 2% in fiscal 2024 at USM and MSU. Of the estimated $41.0 million increase in USM undergraduate tuition and fee revenue, $7.5 million is attributable to new enrollments, which is based on USM's projected enrollment growth for each institution and the projected fiscal 2024 resident and nonresident tuition and fee rate. For MSU, $0.3 million of the $1.1 million increase in undergraduate tuition and fee revenue is attributable to new enrollments, which is based on the Maryland Higher Education Commission's (MHEC) enrollment projections. Graduate tuition and fee revenue for USM institutions and MSU are estimated to increase by $22.6 million and $1.6 million, respectively, assuming modest enrollment growth.

- Other current revenues including auxiliary sources, sales of educational services, and federal and State grants are estimated to increase by $37.1 million and $2.7 million for USM institutions and MSU, respectively, assuming a 3% increase.

- The baseline assumes State general funds and Higher Education Investment Funds will fund unrestricted fund costs that estimated revenues from tuition and fees and other auxiliary revenues are inadequate to support.

- In fiscal 2024, the State funding will increase by $229.0 million for USM and $19.8 million for MSU. This includes $23.3 million and $9.5 million in legislative mandates for USM and MSU, respectively. Other increases include those for personnel similar to that of other State employees, new facilities, and other operating costs.

St. Mary's College of Maryland

SMCM receives State support through a statutory formula that increases the working appropriation by the funds required to offset inflation as determined by the implicit price deflator for State and local government. The implicit price deflator is estimated to be 3.86% in fiscal 2024. General funds through this formula for SMCM are expected to increase by $1.2 million.

Chapter 607 of 2022 increases the percentage the State must pay for cost-of-living adjustments (COLA) from 50% to 100%, for State-supported employees. In addition, Chapter 420 of 2017 provides general funds for increases in the cost of health insurance for employees and a performance bonus if the institution's six-year graduation rate is greater than or equal to 82.5%. The baseline includes an increase of $1.7 million in general funds to reflect the budgeting of 100% of the annualization of the fiscal 2023 and 2024 COLA for State-supported employees and increased health insurance costs ($538,518). The most recent six-year graduation rate was 79.1%, resulting in no performance bonus. The fiscal 2024 baseline also includes a deficiency appropriation of $0.5 million to increase funding for the fiscal 2023 COLA provided at the beginning of the fiscal year, which were originally provided at 50% because it was estimated prior to the legislative change.

Baltimore City Community College

General funds for BCCC are determined by a statutory formula that takes into account enrollment and State support for selected public four-year institutions. In fiscal 2024, BCCC will receive 68.5% of funds per full-time equivalent student (FTES) that the selected public four-year institutions receive per FTES. In fiscal 2024, per FTES funding is estimated to be $12,918 using the 68.5% calculation, for a total of $49.0 million. This is an increase of $5.5 million from fiscal 2023, accounting for both changes in enrollment and the per FTES funding.

BCCC also receives funding through the English for Speakers of Other Languages Program, estimated at $0.2 million in general funds in fiscal 2024, slightly less than the amount in fiscal 2023.

Maryland Higher Education Commission

MHEC is the State's coordinating body for the 13 campuses of USM, MSU, SMCM, 16 community colleges, and the State's private colleges and universities. General funds for the Joseph A. Sellinger Program for private institutions increase by $12.3 million in the fiscal 2024 baseline to reflect full funding of the formula of 15.5% of the State funds per FTES at the selected public four-year institutions and a 10.4% increase in the current year appropriation to select public four-year institutions on a per student basis.

The baseline includes $17.7 million in legislative mandates:

- $13.7 million related to Chapter 23 of 2022 to increase funding for the Education Excellence Awards ($10 million), the Edward T. and Mary A. Conroy Scholarships ($1.0 million), Higher Education Outreach and College Access ($0.3 million, and the James Proctor Scholarship Program ($0.4 million);

- $30,000 mandated in Chapter 677 of 2021 for inmate training grants; and

- $4.0 million in special funds mandated in Chapter 36 of 2020 for the Teaching Fellows program.

Expenditures in two financial aid programs (the Senatorial and Delegate Scholarship projects) are estimated to increase by $0.3 million, or 2%, in fiscal 2024 to reflect an assumed 2% increase in resident undergraduate tuition at the public four-year institutions. These programs each grow by $0.1 million each to $7.2 million and $7.3 million in general funds.

The fiscal 2024 baseline also decreases by $22.0 million in general funds due to removal of one-time funding related to lawyers' fees required under Chapter 41 of 2021.

Pay-as-you-go Capital Programs

The baseline for capital programs includes programs and projects funded with pay-as-you-go (PAYGO) capital general, special, and federal fund appropriations. This includes funds for community development, housing, and environmental programs for which the use of tax-exempt general obligation (GO) debt is limited under federal tax guidelines and for state-owned projects supported with federal funds that require a state cost share. In addition, the baseline includes estimated funding for transportation programs supported by Transportation Trust Fund revenues, federal funds, and transportation revenue bonds.

The fiscal 2023 capital program passed by the General Assembly is $7.759 billion, including $6.280 billion of PAYGO. Positive changes in the State’s fiscal outlook during the 2021 session resulted in an expansion of the capital program in fiscal 2022 that continued in fiscal 2023. With the budget surplus in mind, the General Assembly working with the Administration agreed to use the budget surplus to target spending toward one-time infrastructure investments in each of the last two budgets. In this time period, general fund support of the capital program increased from $165 million in fiscal 2021 to $509 in fiscal 2022 and to an unprecedented fiscal 2023 level of $2.057 billion.

The fiscal 2024 baseline assumes that most of the additional fiscal 2023 PAYGO general funds are of a one-time nature. The use of general funds in the fiscal 2024 baseline starts with items programmed in the State’s five-year *Capital Improvement Program* (CIP) and adds mandates above what is already programmed in the CIP. The baseline also includes a one-time deficiency appropriation to add general funds to replace bond premium proceeds earmarked for the capital program that are unlikely to materialize due to changes in the bond market. The baseline maximizes the use of estimated special and federal funds with the goal of level funding programs to the fiscal 2023 legislative appropriation or to the level programmed for fiscal 2024 in the 2022 CIP. The baseline assumes that all other special funds will be available and distributed according to statutory requirements including special fund transfer tax revenues used to fund Program Open Space (POS).

The level of federal fund support of the capital program also increased in each of the past two budgets with additional American Rescue Plan Act (ARPA) funds most notably supporting the broadband initiative and public school construction. ARPA funds not anticipated to continue into fiscal 2024 are removed from the baseline. In addition, the fiscal 2023 budget includes the first portion of federal funds from the Infrastructure Investment and Jobs Act (IIJA) of 2021, with $200 million for water quality and drinking water projects administered by the Maryland Department of the Environment (MDE), which the baseline anticipates continues into fiscal 2024.

Expenditures and Funds for PAYGO Capital Programs
Fiscal 2021-2024
($ in Thousands)

	Actual 2021	Working 2022	Adj. Approp. 2023	Baseline 2024	$ Increase 2023-2024	% Increase 2023-2024
Expenditures						
Board of Public Works	$1,500	$153,415	$0	$310,000	$310,000	n/a%
Department of Planning	3,766	9,300	22,300	26,300	4,000	17.94%
Military Department	0	0	27,159	1,881	-25,278	-93.07%
Maryland Department of Emergency Management	0	0	25,000	0	-25,000	-100.00%
Department of Veterans Affairs	1,227	0	0	0	0	0%
Department of Information Technology	420	61	0	0	0	0%
Department of General Services	0	7,285	550,723	0	-550,723	-100%
MDOT – Secretary's Office	33,285	53,570	47,915	46,590	-1,325	-2.77%
MDOT – WMATA	338,882	377,262	346,900	183,200	-163,700	-47.19%
MDOT – State Highway Administration	1,256,297	1,319,828	1,352,634	1,490,956	138,322	10.23%
MDOT – Maryland Port Administration	96,610	152,845	241,601	287,742	46,141	19.10%
MDOT – Motor Vehicle Administration	29,540	37,822	33,995	35,443	1,448	4.26%
MDOT – Maryland Transit Administration	658,237	1,192,262	731,579	749,027	17,448	2.38%
MDOT – Maryland Aviation Administration	57,451	100,469	89,211	112,639	23,428	26.26%
Department of Natural Resources	141,459	234,129	270,888	400,948	130,060	48.01%
Department of Agriculture	42,105	52,587	72,703	96,282	23,579	32.43%
Maryland Department of Health	0	0	1,000	0	-1,000	-100.00%
DPSCS Office of the Secretary	0	0	4,352	0	-4,352	-100.00%
IAC – Capital Appropriation	43,500	51,500	297,779	316,500	18,721	6.29%
Aid to Community Colleges	6,791	0	3,352	3,750	398	11.87%
St. Mary's College of Maryland	0	21,513	0	0	0	0%
University System of Maryland	0	213,202	0	0	0	0%
Morgan State University	0	0	0	2,500	2,500	n/a
Maryland State Library Agency	0	2,500	0	0	0	0%
Maryland School for the Deaf	0	0	3,225	0	-3,225	-100.00%
Dept of Housing and Community Development	114,588	170,930	390,690	100,950	-289,740	-74.16%
Department of the Environment	281,462	331,035	451,076	414,009	-37,067	-8.22%
Department of Juvenile Services	0	0	1,850	0	-1,850	-100.00%
Dedicated Purpose Account	0	0	1,063,261	0	-1,063,261	-100.00%
Total	**$3,107,120**	**$4,481,515**	**$5,709,193**	**$4,798,717**	**-$910,476**	**-15.95%**

	Actual 2021	Working 2022	Adj. Approp. 2023	Baseline 2024	$ Increase 2023-2024	% Increase 2023-2024
Fund						
General Fund	$165,166	$509,459	$2,277,612	$666,559	-$1,611,053	-70.73%
Special Fund	1,916,091	2,359,492	1,941,739	2,306,240	364,501	18.77%
Federal Fund	1,013,725	1,600,782	1,708,842	1,594,118	-114,724	-6.71%
Reimbursable Fund	12,138	11,782	0	11,800	11,800	0%
Total	**$3,107,120**	**$4,481,515**	**$5,928,193**	**$4,578,717**	**-$1,349,476**	**-22.76%**

DPSCS: Department of Public Safety and Correctional Services
IAC: Interagency Committee on School Construction
MDOT: Maryland Department of Transportation
PAYGO: pay-as-you-go
WMATA: Washington Metropolitan Area Transit Administration

Note: The fiscal 2023 adjusted appropriation includes deficiency appropriations. The fiscal 2023 adjusted appropriation and fiscal 2024 baseline exclude $167 million of special funds that double count other funds.

Board of Public Works

The baseline includes $310.0 million of special funds from the Fiscal Responsibility Fund. Under the requirements of Chapters 4 and 450 of 2017, these funds may be used to support higher education capital projects including those located at the State’s community colleges and for public school construction.

Department of General Services

The fiscal 2023 operating budget included $120 million in one-time capital PAYGO appropriations for State agencies and $111 million in one-time capital grants to non-State organizations that are removed from the fiscal 2024 baseline budget. The baseline also includes a one-time $220 million general fund deficiency to replace bond premium proceeds authorized in the capital budget bill for capital projects that current bond premium estimates no longer support.

Maryland Department of Planning

The baseline estimate for the Maryland Department of Planning includes $22.0 million in general funds for the Historic Revitalization Tax Credit Program, which is level with the fiscal 2023 appropriation once the allocation of funding from the Dedicated Purpose Account (DPA) is reflected in the fiscal 2023 budget. The $22.0 million funding level reflects the mandated amount in Chapters 449 and 450 of 2022, including $20.0 million for the existing commercial tax credit program and $2.0 million for the new small commercial project trust account within the reserve fund for commercial projects. The baseline also includes $300,000 in special funds for the Maryland Historical Trust Revolving Loan Fund, which is $150,000 above both the fiscal 2023 legislative appropriation and the amount programmed in the 2022 CIP. This is due to the availability of special fund balance and revenues from loan repayments, which obviate the need for the $150,000 in GO bonds programmed in the 2022 CIP for the program.

The baseline also includes $4.0 million in general funds for the African American Heritage Preservation Program. Chapter 29 of 2022 mandates $5.0 million for this purpose, of which $1.0 million in GO bonds are programmed in the 2022 CIP. The baseline assumes the use of general funds to meet the additional mandated funding level above what is programmed in the 2022 CIP because legislation cannot mandate the use of GO bonds.

Maryland Department of Emergency Management and Military Department

The baseline removes $25 million of general funds used to capitalize the newly established Resilient Maryland Revolving Loan Fund. The Military Department's capital improvements are typically made on a 75% federal and 25% State cost-share basis for eligible project costs. Grants from the National Guard Bureau provide the source for the federal fund portion of the cost-share. The fiscal 2024 baseline includes $1.9 million of federal funds, down from the $27.2 million appropriated for fiscal 2023, reflecting funding planned for the New White Oak Readiness Center.

Maryland Department of Transportation

For the Maryland Department of Transportation PAYGO capital programs, adjustments were made to conform to the draft *Consolidated Transportation Program: Fiscal 2023-2028*.

Department of Natural Resources

The baseline assumes that special fund transfer tax revenues used to fund POS will no longer be augmented by the repayment plan originally established in Chapter 10 of 2016 because the plan has been modified by Chapter 39 of 2022 (Great Maryland Outdoors Act) to provide funding only to particular programs. The baseline includes the following adjustments to the level of funding attributable to the transfer tax:

- ***Transfer Tax Overattainment:*** actual fiscal 2022 revenue attainment was $354.3 million, which is $122.3 million more than the amount budgeted in fiscal 2022. This overattainment is added to the estimated fiscal 2024 revenues that support fiscal 2024 program funding levels; and

- ***Transfer Tax Revenue Estimate Increase:*** the revenue estimate for fiscal 2024 is $298.5 million, which is $8.0 million less than the $306.5 million revenue figure for fiscal 2023.

The fiscal 2024 baseline for the Department of Natural Resources POS State allocation includes $108.7 million in special funds and $3.0 million in federal funds, which is a $16.1 million increase in transfer tax special funds over the fiscal 2023 legislative appropriation once the allocation of funding from the DPA is reflected in the fiscal 2023 budget. The POS local allocation increases by $9.9 million, from $82.0 million to $91.9 million in fiscal 2024 once the allocation of funding from the DPA is reflected in the fiscal 2023 budget.

The baseline includes $5.4 million in general funds mandated by Chapter 39 and $28.6 million in special funds for a total of $34.0 million for the Rural Legacy Program that provides funds for the acquisition of conservation easements. This is an increase of $7.6 million compared to the fiscal 2023 legislative appropriation funded exclusively with special funds once the allocation of funding from the DPA is reflected in the fiscal 2023 budget.

The baseline includes $144.3 million for Capital Development Projects, which includes $106.9 million in general funds and $37.4 million in special funds. The general funds reflect $70.0 million for the new Park System Critical Maintenance Fund and $36.9 million for the new Park System Capital Improvements and Acquisition Fund per Chapter 39. The special funds reflect transfer tax funding for the Critical Maintenance Program ($6.2 million), the Natural Resources Development Fund ($30.2 million), and the State contribution to the Ocean City Beach Maintenance Program ($1.0 million). Overall, the baseline for Capital Development Projects increases by $75.7 million between the fiscal 2023 legislative appropriation and fiscal 2024 once the allocation of funding from the DPA is reflected in the fiscal 2023 budget. The fiscal 2023 allocation from the DPA includes $25.0 million for critical maintenance under the “Facilities Renewal – State Agencies” line item.

Full funding of $1.0 million in special funds is assumed for the Ocean City Beach Maintenance Program from Worcester County and Ocean City in the fiscal 2024 baseline to reflect the 2022 CIP. Overall, funding is shared at 50% State, 25% Worcester County, and 25% Ocean City. The State component is reflected under Capital Development Projects, as noted earlier.

The fiscal 2024 baseline for the Waterway Improvement Program (WIP) includes $16.0 million, which is consistent with the fiscal 2023 legislative appropriation and the amount programmed in the 2022 CIP for fiscal 2024. The fiscal 2024 funding includes $13.5 million in special fund revenue available from the motor fuel tax and the vessel excise tax and $2.5 million in federal funding. The WIP provides grants and loans to local, State, and federal government agencies for projects that improve and promote the recreational and commercial capabilities, conditions, and safety of Maryland’s waterways for the benefit of the general boating public.

In addition, the fiscal 2024 baseline includes $2.0 million in general funds for oyster restoration and replenishment activities in Eastern Bay as required by Chapters 30 and 574 of 2022. The baseline assumes general funds are used to support new or expanded mandates.

Maryland Department of Agriculture

The baseline for the Maryland Agricultural Land Preservation Program consists of $16.6 million in general funds and $79.7 million in special funds for total of $96.3 million. The general funds reflect the funding mandated by Chapter 39. The special fund baseline estimate is comprised of funding from the State transfer tax's statutory distribution as adjusted by prior year underattainment for a total of $69.7 million and county matching funding estimated at $10.0 million based on a single easement purchase cycle in fiscal 2024. Overall, the baseline reflects an increase of $24.1 million compared to the fiscal 2023 legislative appropriation once the allocation of funding from the DPA is reflected in the fiscal 2023 budget.

Interagency Commission on School Construction – Public School Construction

The fiscal 2024 baseline estimate for the Interagency Commission on School Construction – Public School Construction totals $316.5 million in general funds. This amount includes $216.5 million and $40.0 million programmed in the CIP for fiscal 2024 for the traditional Public School Construction program and supplemental Capital Grant Program respectively. The baseline assumes that $40 million in general funds is needed above the $50 million of GO bond funds already programmed in the CIP to support the mandated $90 million funding level for the Healthy School Facilities Fund mandated in Chapter 32 of 2022. Similarly, the baseline includes $10 million in general funds for the School Construction Revolving Loan fund to fund the program as the mandated $20 million funding level after accounting for the $10 million of GO bonds already programmed in the CIP for this purpose. The baseline budget also removes $40 million in federal funds for the Healthy School Facilities Program that was appropriated to the DPA in the fiscal 2022 budget and supporting fiscal 2023 program activity.

Maryland Higher Education Commission – Community College Facilities Grant Program

The Aid to Community Colleges – Community College Facilities Grant Program baseline is $3.75 million in general funds, as mandated by Chapters 687 and 688 of 2018. The program provides grants to community colleges for improvements, repairs, and deferred maintenance projects. The mandated funding level equals 5% of the amount budgeted for the Community College Construction Grant Program. The baseline reflects 5% of the $75.0 million programmed for fiscal 2024 in the 2022 CIP.

Department of Housing and Community Development

The Department of Housing and Community Development (DHCD) works to encourage homeownership, expand affordable rental housing, and revitalize communities. The baseline includes changes in various PAYGO capital grant and loan programs based on the agency's estimates of revenues, encumbrances, available fund balances, and amounts programmed in the 2022 CIP. Overall, the baseline assumes that funds for DHCD's PAYGO programs, excluding funds available from ARPA, will decrease by $214.8 million in general funds and $10.0 million in special funds, generally due to the one-time use of general fund PAYGO in place of GO bonds in fiscal 2023. ARPA funds are reflected in the baseline through a decrease of $62.9 million in federal funds in DHCD as well as a decrease in federal funds from the DPA of $171.2 million for broadband initiatives. The following adjustments were made to the fiscal 2024 baseline:

- ***Removal of One-time Funds to Align with the CIP:*** The baseline includes $5.0 million in general funds for DHCD's Neighborhood Business Development Program and the Baltimore Regional Neighborhood Initiative (BRNI) based on the amounts programmed in the 2022 CIP. This is a decrease of $219.8 million compared to fiscal 2023 due to the one-time use of general funds in place of GO bonds across all of DHCD's capital programs. The baseline also includes $5.0 million in special funds for Homeownership Programs compared to $15.0 million in fiscal 2023 due to the one-time use of increased program revenues in fiscal 2023.

- ***New Mandated Funding:*** The baseline includes $5.0 million in general funds for the first year of mandated funding under the Climate Solutions Now Act of 2022 (Chapter 38). Fiscal 2023 funding of $3.75 million is restricted in the Rainy Day Fund, and a separate adjustment removes this funding.

- ***ARPA Funding:*** The baseline includes $24.0 million in ARPA funding for the third year of the Homeowner Assistance Fund (HAF), based on DHCD projections of program activity. This represents a decrease of $62.9 million in federal funds, comprised of $41.0 million for the HAF, $21.0 million for the State Small Business Credit Initiative, and $900,000 for the Homeownership Works pilot program.

- ***Rental Housing Program Special Funds:*** The baseline decreases special funds in Rental Housing Programs by $33.0 million. These special funds were available in fiscal 2023 due to the transfer of $30.0 million in income tax revenues to the Rental Housing Fund per Chapter 337 of 2022, as well as $3.0 million in available fund balance in the Maryland Base Realignment and Closure Preservation Loan Fund.

- ***DPA Adjustments:*** The baseline assumes a decrease of $171.2 million in federal funds in fiscal 2023 in the DPA for the construction of broadband infrastructure. Additional funding for broadband initiatives may be available in fiscal 2024 from the federal IIJA, although the amount and timing of these funds are unknown, and the baseline does not include any funds for this purpose. The baseline also includes a decrease of $5.0 million in general funds in the DPA, comprised of $3.0 million for the Shelter and Transitional Housing Facilities Grant Program that is programmed to use GO bonds in fiscal 2024 as well as $2.0 million in one-time supplemental funding provided in fiscal 2023 for the BRNI and National Capital Strategic Economic Development programs.

Maryland Department of the Environment

MDE’s fiscal 2024 baseline of $217.8 million for the Water Quality Revolving Loan Fund Program reflects a combination of the 2022 CIP funding plan for fiscal 2024 of $156.8 million ($110.0 million in special funds, $39.0 million in federal funds, and $7.8 million in reimbursable funds programmed as matching GO bond funding) and federal IIJA funding of $61.0 million ($5.1 million in general fund matching funding and $56.0 million in federal funds). The fiscal 2024 baseline reflects an increase of $14.8 million compared to the fiscal 2023 legislative appropriation primarily due to an increase of $10.3 million in the federal IIJA funding. The program provides low-interest loans to local governments and eligible private entities for water quality improvement projects such as upgrading wastewater treatment plants and capping closed landfills.

The baseline for the Drinking Water Revolving Loan Fund Program is $160.2 million. This reflects a combination of the 2022 CIP funding plan for fiscal 2024 of $41.0 million ($17.0 million in special funds, $20.0 million in federal funds, and $4.0 million in reimbursable funds programmed as matching GO bond funding) and federal IIJA funding of $119.2 million ($3.8 million in general fund matching funding and $115.3 million in federal funds). The fiscal 2024 baseline reflects an increase of $6.0 million compared to the fiscal 2023 legislative appropriation primarily due to a $6.3 million increase in the federal IIJA funding. The program provides low interest loans to local governments and eligible private entities for drinking water projects such as the construction of water distribution mains, water storage facilities, and water treatment plant upgrades.

The baseline includes $1.0 million in general funds for the Hazardous Substance Clean-Up Program, as programmed in the 2022 CIP. The program provides funds for cleanup of uncontrolled sites listed on the federal National Priorities List (Superfund) and other uncontrolled waste sites within the State that do not qualify for federal funding through the Superfund program.

The baseline includes $15.0 million in special funds for the septic system capital grant program, which is a component of the Bay Restoration Fund. This is consistent with what is programmed in the 2022 CIP and the fiscal 2023 legislative appropriation. The baseline estimate for the Enhanced Nutrient Removal Program, funded by a fee on public sewer/water users, is $20.0 million in special funds and is consistent with the 2022 CIP, which is $58.1 million less than the fiscal 2023 legislative appropriation due to the use of the Bay Restoration Fund for the Clean Water Commerce Act and other operating budget purposes.

Dedicated Purpose Account and Other Agencies

The baseline removes $1.065 billion of general fund PAYGO budgeted in the DPA and another $10.4 million budgeted in State agency budgets not specifically mentioned above considered to be of a one-time in nature.

Reserve Funds

State Reserve Fund

The State Reserve Fund baseline budget consists of the Revenue Stabilization Account (Rainy Day Fund), the Dedicated Purpose Account (DPA), and the Catastrophic Event Account. There are no appropriations to the Catastrophic Event Account.

The Rainy Day Fund was created to retain revenues to meet future needs. Section 7-311 of the State Finance and Procurement Article requires that an amount equal to the unappropriated general fund surplus exceeding $10 million from two fiscal years prior to the allowance year shall be appropriated into the Rainy Day Fund. An appropriation totaling at least $50 million is required if projected revenues in the fund are less than 7.5% of general fund revenues.

Chapter 557 of 2017 required that for fiscal 2021 and beyond, for surpluses above $10 million, the first $100 million is divided between the Rainy Day Fund, the Pension System, and the Post-Retirement Health Benefits Trust Fund so that the Rainy Day Fund receives 50%, the Pension System receives 25%, and the Post-Retirement Health Benefits Trust Fund receives 25% on a dollar-for-dollar basis. Chapter 391 of 2022 amended this distribution for fiscal 2024 only, reducing the amount distributed to the Pension System to 15% and directing 10% to the Maryland Equity Investment Fund. Amounts above $110 million are credited to the Rainy Day Fund.

Fiscal 2022 ended with an unappropriated general fund balance totaling nearly $1.12 billion. Per Chapter 391, the Administration is required to provide a $15 million supplemental appropriation to the employee pension fund and a $25 million supplemental appropriation to the Post-Retirement Health Benefits Trust Fund. The baseline budget has adjusted the pension contribution rates to the employees, teachers, State police, and Law Enforcement Officers Pension System pensions to provide that $40 million in appropriation go to the DPA. The fiscal 2024 baseline assumes that a $10 million appropriation is provided to the Maryland Equity Investment Fund. Another $10 million is retained by the General Fund. As required by law, an adjustment totaling $1.06 billion has been added to the Rainy Day Fund appropriation. For the DPA, the baseline also includes a $167 million appropriation to support the funding required for the Washington Metropolitan Area Transit Authority capital grant as mandated in Chapters 351 and 352 of 2018.