

projecting operating losses for the year. Between last year's reimbursement rate rollback of 1%, a nursing shortage, and increasing pharmaceutical costs, hospitals have had to adapt and seek ways to become profitable. MedStar Health has taken over Georgetown University Medical Center's clinical operations and has cut its own physicians group and reduced its staff. MedStar, which operates four hospitals in Baltimore and two in Washington, is the fifteenth largest community-owned, not-for-profit health care system in the country. Harford hospitals have combined medical staffs in anticipation of opening the new Upper Chesapeake Medical facility, while St. Joseph's announced that it would trim its pediatric unit.

The agricultural sector of Maryland's economy has experienced more than its share of problems over the past few years. From record low commodity prices to pfisteria to drought, the news of the late 1990s has not been good. The tide seems to have turned in 2000, however. Early-season rains got the growing season off to a good start, and there has been no serious presence of pfisteria for two years. Despite improving conditions, some problems persist.

Production of corn, soybean and tobacco may hit record levels in 2000 after a dismal 1999 in most areas of the State, although other grains are not doing as well. Unfortunately, prices for most agricultural products remain at low levels and, when adjusted for inflation, are at all-time low levels for a number of products. Tobacco is one of the few products not selling at relatively low prices, but tobacco clearly does not have a future in Maryland. The State is offering a buyout plan to tobacco farmers, funded with 5% of the money from the tobacco industry settlement. In many cases, farmers could make more from the buyout than from producing tobacco. The program will require an appropriation each year; even if it is not funded, tobacco will continue to decline. Current production in the State is about 25% of that from the early 1980s. While income from the agricultural sector will certainly be higher in 2000 than in 1999, the benefit to the State will not be large as this sector accounts for less than 1% of gross state product. Gains in 2001 and 2002 are less likely, due to the excellent growing conditions for many crops in 2000.

## MAJOR INITIATIVES

New laws enacted by the 2000 General Assembly and signed by Governor Parris N. Glendening focused on