

## Part A

# Budget and State Aid

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### Operating Budget

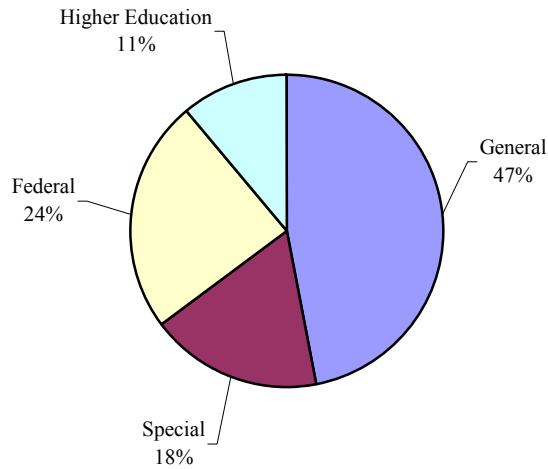
#### Budget in Brief

Fiscal challenge characterized the 2003 session. When session commenced, the State faced a current year deficit in excess of \$400 million and a fiscal 2004 shortfall of \$1.2 billion, as estimated by the Department of Legislative Services (DLS). The new administration proposed to balance the budget through reductions and a number of one-time transfers, with an emphasis on monies from the Transportation Trust Fund (TTF) and the transfer tax. Additionally, new revenues of nearly \$400 million were proposed in conjunction with legislation to permit video lottery terminals (VLTs) at four horse racing facilities. Although the administration's spending plan would have produced a balanced budget for fiscal 2003 and 2004, the plan did not bring the budget into structural balance. A subsequent revenue write down and revisions to the VLT proposal obliged the legislature to make significant revisions to the administration plan.

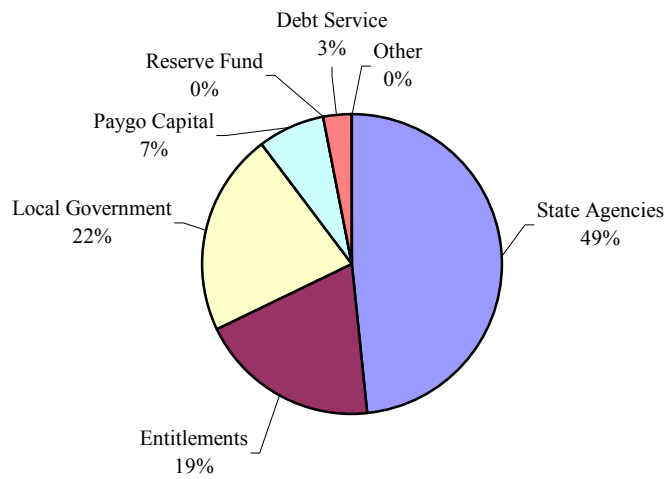
As enacted, the Budget Bill *House Bill 40 (enacted)* provides \$22.4 billion in appropriations for fiscal 2004; an increase of \$18.5 million (0.1 percent) over fiscal 2003. **Exhibit A-1.1** illustrates funding by type of revenue. Slightly less than one half of the budget is supported by general funds, with lesser proportions supported by dedicated special funds, federal aid, and higher education dollars. State agency operations constitute the largest area of spending, representing 48 percent of the total budget. Aid to local jurisdictions accounts for 22 percent of the budget, and 19.4 percent is for entitlements. Remaining appropriations pay debt service on general obligation bonds and fund portions of the capital program.

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**Exhibit A-1.1**  
**Maryland's \$22.4 Billion Budget**  
**Where It Comes From: Budget by Fund Source**



**Where It Goes: Budget by Purpose**



Growth in general fund appropriations is limited to \$89 million, or nine-tenths of one percent above the revised fiscal 2003 level. However, this reflects decreases for PAYGO capital and transfers to the Reserve Fund made in fiscal 2003. Absent these items, ongoing general fund spending for operations grows \$294 million, or 2.9 percent. General fund budget growth is driven by spending on entitlements and aid to local jurisdictions, both of which grow by nearly 9 percent each. State aid increases for primary and secondary education result from legislation enacted during the 2002 session to significantly enhance State support for the public schools. Entitlement spending is driven mostly by the Medicaid program, due to medical inflation and utilization, enrollment growth, and implementation of the Maryland Pharmacy Discount Program.

Federal and higher education fund appropriations also increase in fiscal 2004. Federal funds increase by \$251 million (4.8 percent) due to Medicaid and primary and secondary education spending. Higher education spending rises by \$189 million (8.3 percent). Special funds decrease in the budget by \$510 million (11 percent) based on lower debt service, highway user revenue, program open space, and Cigarette Restitution Fund (CRF) spending.

As relates to State personnel, the budget reflects increases due to health, dental, and prescription insurance costs. The overall number of full-time regular positions in the executive branch was capped at 74,100, which will require the abolition of just under 1,800 vacant positions and savings of \$20 million in general funds and \$4.9 million in special funds. An agency with more than ten positions will need to submit plans to abolish between 2.5 and 6 percent of its workforce.

Other provisions in the budget and Budget Reconciliation and Financing Act (BRFA) *House Bill 935 (passed)* relating to personnel include a prohibition on cost-of-living increases, bonuses, and merit increases, except to retain higher education faculty; the deletion of funds for the State's match of employee deferred compensation plans, and the authorization to establish an employee buyout program. For a more detailed discussion of personnel issues see the subpart "Personnel" within this Part A.

Although overall the general fund budget shows little growth, there is funding for developmental disabilities community services and the wages of community direct service workers, community mental health services, various juvenile justice initiatives, and efforts to reduce public defender caseloads. For a more detailed discussion of these issues see the subpart "Selected Budgetary Initiatives" within this Part A.

## **Framing the Session**

The 2002 interim was characterized by mixed economic activity, an election for a new Governor and General Assembly, revenue shortfalls and revisions, and more than one administration plan for balancing the budget.

## **The Economy**

A number of problems have impacted the economy for the last two years. Growth in the technology industry, investor exuberance, and expansion all came to an abrupt end in March 2001, signaling the onset of the current economic downturn. Job growth has been minimal and businesses are not investing in plant and equipment to any significant degree. Consumer spending has held up remarkably well for a recession, bolstered by record low interest rates. Low interest rates have kept the housing market strong throughout the recession and set off a massive mortgage-refinancing boom. Refinancing has lowered debt service costs and put money in people's pockets, providing further support to consumer spending. However, uncertainty due to the war with Iraq (which began March 19, 2003), concern about potential terrorist activities, rising energy prices, and bad winter weather have dampened consumer spending in recent months. Progress so far in the war with Iraq has already caused oil prices to fall and the stock market to rise. The successful resolution of the war with Iraq will remove one uncertainty hanging over the economy. It remains to be seen whether the economy will then rebound significantly or whether more fundamental imbalances will continue to hold the economy back.

## **Revenue Shortfalls and Funding Needs Worsen Situation**

In closing out fiscal 2002, general fund revenues fell short of expectations by \$131.4 million. Although this was offset by additional unanticipated reversions, a budget hole of approximately \$104 million was created. By September the Board of Revenue Estimates (BRE) unofficially indicated that worsening revenue conditions would result in an official write down at its December meeting. Preliminary estimates of a \$310 million shortfall were forecast; however, the actual revision was \$344 million lower. Compounding the problem were spending shortfalls for mental health services, foster care, and other programs, potentially requiring deficiency appropriations. Consequently, the deficit by the end of calendar 2002 was estimated at approximately \$549 million.

## **A Year of Change**

In November 2002, voters selected Robert L. Ehrlich, Jr. as Governor, the first Republican since Spiro T. Agnew won the office in 1966. The legislative landscape also changed as nearly one-third of the 188 members were either newly elected or won election in another chamber. All four committee chairmanships changed in the Senate and a new Speaker of the House was elected following the election loss of former Speaker Casper R. Taylor, Jr. The change in administration was made more difficult by the status of the budget and revenues.

## **Spending Affordability Committee Recommendations**

The Spending Affordability Committee prepared its final report to the Governor in December 2002, which included a number of recommendations to mitigate the State's financial condition. As they relate to the operating budget, they included:

- **Spending Limit:** The committee recommended limiting growth on a spending affordability basis to 2.5 percent over spending approved at the 2002 session.

- **Personnel:** Imposition of a ceiling of 74,100 positions was recommended as a means of reducing the State workforce. The existence of sufficient numbers of vacant positions was expected to permit this action without the need to separate filled positions.
- **State Reserve Fund:** To the extent any monies were transferred from the Rainy Day Fund to help balance the budget in the short-term, the committee recommended that the fund be used as a last resort; that repayment be made on an accelerated basis; and that any transfers be accompanied by a plan to restore structural balance by fiscal 2005.
- **Sustainability:** The committee was very concerned that the gap between ongoing revenues and spending be erased by fiscal 2005. It was noted that reliance on one-time revenue sources would not balance the budget in future years.

### **Transition Plan to Balance the Budget**

In January 2003, with less than two weeks remaining in his term, Governor Parris Glendening unveiled a proposal to resolve the fiscal 2003 budget gap. This consisted largely of proposed transfers from the Rainy Day Fund and other available fund balances to the general fund and proposals to withdraw \$154.6 in spending from executive branch agencies. The general fund reductions to agency spending was the only component of the plan that the Governor could implement without legislative approval, and that amount was approved by the Board of Public Works (BPW) on January 8, 2003. The majority of the reductions were made to Medicaid and higher education, with the rest spread throughout State agencies. Many of the transfers recommended by Governor Glendening were later to appear in Governor-elect Ehrlich's spending plan.

### **Governor's Spending Plan As Introduced**

Governor Ehrlich's spending plan submitted during the 2003 session included a combination of actions designed to address the problems in both fiscal 2003 and 2004. This plan was built largely upon four pieces of legislation, including the fiscal 2004 budget bill, budget reconciliation legislation, and proposals to improve tax compliance and to implement video lottery terminals at four horse racing facilities across the State. The original budget totaled \$22.9 billion, exclusive of \$40.9 million in contingent reductions, which were dependent on either provisions in the budget reconciliation legislation or action to be taken by BPW to further withdraw appropriations during fiscal 2003. As introduced, the budget package was approximately \$35 million below the 2.5 percent growth rate recommended by the Spending Affordability Committee.

### **Budget Reconciliation and Financing Act of 2003**

*House Bill 935* the 2003 session version of the Budget Reconciliation and Financing Act, provided the Governor primarily with short-term financing totaling nearly \$700 million for both fiscal 2003 and 2004 and additional transfers for fiscal 2005. Some of the larger transfers in each year are listed below:

***Fiscal 2003:***

- \$150 million from the Transportation Trust Fund (TTF);
- \$75 million from the Injured Workers' Insurance Fund (IWIF) which the State had paid toward its unfunded liability;
- \$38.7 million representing the overattainment of property transfer tax revenue in fiscal 2002 and 2003;
- \$29 million from the fund balance of the University System of Maryland; and
- \$17.9 million in highway user revenue overattainment in fiscal 2003.

***Fiscal 2004:***

- \$150 million representing a second transfer from the TTF;
- \$102.4 million representing just over 20 percent of the local share of highway user revenues. As submitted, this bill proposed to further transfer another \$102.4 million in fiscal 2005; and
- \$55.6 million in additional property transfer tax revenue to the general fund. In addition to the roughly \$48 million in transfer tax revenue shifted to the general fund authorized by the Budget Reconciliation and Financing Act of 2002, this would result in about \$100 million going to the general fund in fiscal 2004. The bill also proposed transferring another \$100 million to the general fund in fiscal 2005.

In addition to these actions, the BRFA included provisions to permit the use of \$8.2 million from the Joseph Fund for child welfare services, to allow the Governor to forego funding the State match of \$600 for employee deferred compensation, and to use \$11.4 million from the Dedicated Purpose Fund for local family investment programs.

**Revenue, Reversion, and Contingent Appropriation Assumptions**

***General Fund Revenues:*** As part of the budget submission, the Governor assumed additional revenues beyond those estimated by BRE. For fiscal 2003, this included \$3.4 million from buffer strip sales adjacent to Deep Creek Lake and minor revenue associated with the increase in the tobacco tax and contributions from the Maryland Environmental Service. Fiscal 2004 revenue was supplemented by the Governor's proposal to license video lottery terminals at four horse racing facilities around the State, composed of \$350 million from licensing fees and \$45 million from operations. Another \$57.5 million was assumed based on proposed legislation to implement various tax compliance items that had been considered by the Commission on Maryland's Fiscal Structure during the fall of 2002. Other revenues were assumed from additional buffer sales at Deep Creek Lake, increased hospital patient recoveries, and the sale of a fixed-wing aircraft operated by the State Police.

**Reversions and Encumbrances:** The Governor assumed approximately \$65 million in fiscal 2003 reversions as part of the budget balancing plan. Of this amount, \$30 million represented normal agency reversions and \$28.8 million would come from funds budgeted for a one-time employee bonus payment that had not received the required approval by BPW. Assumed cost containment savings from the judiciary and legislature, subsidies associated with free transit ridership for certain State employees, and an additional \$1.8 million from prior year encumbrances that would be cancelled by the Departments of Agriculture and the Environment and Canal Place accounted for the remaining estimated reversions.

**Withdrawn and Contingent Appropriations:** Fiscal 2003 appropriations to be withdrawn by the Governor through BPW totaled \$45.5 million. The Governor planned to withdraw appropriations of \$37.7 million from the university system, with another \$6.3 million from community colleges and \$1.4 million from aid to nonpublic institutions of higher education. For fiscal 2004 contingent reductions totaled \$40.9 million in general funds and \$184.3 million in special funds. Of the general fund amount, \$15.8 million for community colleges and aid to nonpublic higher education was made contingent upon the withdrawal of higher education funds in fiscal 2003. Under State law, support for these institutions is based on the State share per pupil for higher education in the prior year. Remaining general funds were made contingent upon provisions in the BRFA relating to the deferred compensation match, arts council grants, and the local jurisdictions funding a portion of the assessment costs of the Department of Assessments and Taxation. The special fund withdrawn appropriations were largely tied to proposals to transfer highway user revenues and transfer taxes to the general fund.

In February 2003, \$63.3 million in general funds were withdrawn from the budget through BPW. This included reductions to higher education, community colleges, and aid to nonpublic institutions, as well as \$27 million of the one-time bonus (the Governor could not constitutionally withdraw the \$1.8 million portion attributed to the Judiciary). The higher education reduction was reduced by \$8.85 million to account for higher education's share of the one-time bonus funds.

**Structural Balance:** Taking the general fund revenues, transfers, reversions, withdrawn and contingent appropriations into account, the administration's spending plan had projected a closing fiscal 2004 general fund balance of \$4.7 million. However, in a business sense (i.e., comparing ongoing revenues to ongoing spending), the budget reflected a revenue shortfall in excess of \$325 million.

## **Legislative Consideration of the Budget**

The legislature's actions in the 2003 session with respect to the budget were guided largely by the debate on video lottery terminals. Although the chambers were divided in their approaches to this revenue source, further events following the introduction of the Governor's original budget submission also served to shape the outcome of events. Coincidentally, several major changes occurred during the month of March.

### March Comes in Like a Lion

Three actions during March had a significant effect on the Governor's original budget. Revisions were made to official revenues by BRE, the video lottery terminal proposal was revised, and the Governor submitted a Supplemental Budget to address the first two developments.

**BRE Revenue Revision:** In mid-March, BRE revised general fund revenues downward by a combined \$218 million (\$106 million in fiscal 2003 and \$112 million in fiscal 2004);

**Video Lottery Terminal Changes:** The Governor revised his plan for video lottery terminals to increase the share of the take for track owners and reduce the license fee. These actions resulted in a loss of \$230 million compared to the original plan;

**Supplemental Budget No. 1:** In his first Supplemental Budget the Governor made net adjustments of minus \$169 million, due largely to the withdrawal of general funds for debt service on State bonds. By this action, BPW would need to increase the State property tax rate from 8.4 cents to approximately 13.1 cents to replace those funds.

**Rainy Day Fund Use:** In Supplemental Budget No. 1, the Governor also proposed the use of \$106.1 million from the Rainy Day Fund in fiscal 2003. The amount of the proposed transfer was equivalent to the fiscal 2003 revenue write down by BRE in March.

### Legislative Budget Actions

Actions to balance the budget involved a combination of budget reductions, contingent reductions, additional revenue actions, and other statutory changes through the BRFA and other legislation. **Exhibit A-1.2** illustrates the final action taken by the legislature with respect to each element of the spending plan submitted by the administration.

**Video Lottery Terminals: *Senate Bill 322 (failed)*** evolved during the session even after the Governor's March revision. Licensing fees under the Senate's version of the bill were further reduced to \$5 million per facility, for a total of \$15 million. No additional amount was expected given the time it would take for operations to begin. ***Senate Bill 322*** received an unfavorable committee vote in the house. Ultimately, the budget as enacted relied upon no revenue from this source.

**Revenues:** Additional revenues from ***House Bill 753 (passed)*** totaled \$135 million through changes to State corporate income taxation; a 10 percent corporate income tax surcharge for tax years 2003, 2004, and 2005; and a 2 percent insurance premium tax on health maintenance organizations and Medicaid managed care organizations. In addition, ***House Bill 935*** added \$163 million in revenues from measures relating to tax compliance, corporate filing fees, graduated withholding, vital record fees, Comptroller vehicle identification cards, and the Heritage Structure Tax Credit.

**Transfers:** Final action on the BRFA resulted in additional transfers of about \$50 million in fiscal 2003 from the Sunny Day Fund, Maryland Housing Fund, and the Maryland Agriculture Land Preservation Fund. In total the BRFA transfers for fiscal 2003 and 2004 approach \$745 million.

**Reductions:** The legislature reduced the Governor's fiscal 2003 deficiency budget by \$0.7 million and pared the fiscal 2004 allowance by \$263.7 million. The largest reductions were effected through savings in personnel costs. These include \$25 million from the elimination of 1,789 full-time regular vacant positions to comply with the 74,100 cap on positions required through budget bill language, and a reduction of \$16 million from the action to forego the State match of the employee deferred compensation plan in fiscal 2004.

**Exhibit A-1.2**  
**General Fund Budget Summary**  
**Fiscal 2003**  
**(\$ in Millions)**

	<u>Administration</u>	<u>Final Legislative Action</u>	<u>Difference from Admin.</u>
<b>Budget Reconciliation</b>			
Transfers (BRFA – HB 935)	\$366.0	\$415.9	\$49.8
Transfer from Revenue Stabilization	106.1	0.0	(106.1)
Additional Spending Reductions	<u>1.5</u>	<u>7.2</u>	<u>5.7</u>
<b>Total Actions</b>	<b>\$473.7</b>	<b>\$423.1</b>	<b>(\$50.6)</b>
<b>Fund Balance</b>	<b>\$52.0</b>	<b>\$1.4</b>	<b>(\$50.6)</b>

**Fiscal 2004**

	<u>Administration</u>	<u>Final Legislative Action</u>	<u>Difference from Admin.</u>
<b>Budget Reconciliation</b>			
Fiscal 2003 Fund Balance	\$52.0	\$1.4	(\$50.6)
Property Tax Increase for Debt Service	165.8	165.8	0.0
Transfers (BRFA – HB 935)	333.9	328.7	(5.2)
Video Lottery (SB 322)	165.0	0.0	(165.0)
Misc. Revenue Adjustments	0.0	2.7	2.7
Revenues (HB 753/HB 935)	135.5	298.6	163.1
Spending Reductions <sup>1</sup>	<u>105.2</u>	<u>200.3</u>	<u>95.1</u>
<b>Total Actions</b>	<b>\$905.3</b>	<b>\$996.1</b>	<b>\$90.8</b>
<b>Fund Balance <sup>2</sup></b>	<b>(\$6.1)</b>	<b>\$34.1</b>	<b>\$40.2</b>
<b>Est. Rainy Day Fund Balance – 6/30/03</b>	<b>\$384.4</b>	<b>\$490.5</b>	<b>\$106.1</b>

<sup>1</sup> Additional spending reductions under the administration plan reflect \$20 million in reductions, contingent on legislation, and \$85 million assumed legislative reductions.

<sup>2</sup> The budget plan developed by the administration initially had a positive fund balance. Subsequent downward revisions in revenue estimates account for the negative fund balance shown here.

Other spending reductions, some of which required language in the BRFA, included \$30.6 million for the Teacher Salary Challenge Program, a one-time 25 percent reduction in aid to nonpublic higher education grants (\$11 million), funding for various Medicaid programs (\$38.2 million), the deferral for one year the proposal to provide juvenile education programs at the Hickey school through the Maryland State Department of Education (\$6.5 million), \$10 million deducted from State tax credit reimbursements to the counties, and overbudgeted transportation debt service funds (\$7 million). Remaining reductions are made throughout the budget in various programs and purposes.

***Final Actions Related to the Spending Affordability Committee (SAC):***

**Limiting Spending Growth to 2.5 percent:** Final action by the legislature reduced the budget to a 0.94 percent growth rate as measured on a spending affordability basis. This is \$224 million below the 2.5 percent recommended level. The budget under spending affordability is illustrated in **Exhibit A-1.3**.

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**Exhibit A-1.3**  
**Operating Budget Affordability Limit**  
**(\$ in Millions)**

<b><u>Funds</u></b>	<b><u>2002</u></b> <b><u>Session</u></b>	<b><u>2003</u></b> <b><u>Session</u></b>	<b><u>\$</u></b> <b><u>Change</u></b>	<b><u>%</u></b> <b><u>Change</u></b>
General	\$10,558.2	\$10,421.5	-\$136.7	-1.29%
Special	2,492.6	2,605.8	113.2	4.54%
Higher Education	<u>1,276.0</u>	<u>1,433.6</u>	<u>157.6</u>	<u>12.35%</u>
SAC Growth	\$14,326.8	\$14,460.9	\$134.1	0.94%
SAC Limit	\$14,326.8	\$14,685.0	\$358.2	2.50%

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**Reducing the State Workforce:** As discussed in the Personnel section of this part, the legislature imposed a cap of 74,100 positions, which will require the abolition of 1,789 vacant positions. Of this amount, 131.5 positions were already abolished by the General Assembly during the session, as part of the actions taken on the budget. This level is consistent with the spending affordability recommendation made in December.

**State Reserve Fund:** The General Assembly was able to forego any additional transfers from the Rainy Day Fund to the general fund in either fiscal 2003 or 2004. In addition, a provision in the BRFA will require an annual repayment of \$100 million should the Rainy Day fund balance fall below 3 percent of estimated general fund revenue.

**Resolving the Structural Deficit by Fiscal 2005:** Many actions taken during the session are of a one-time nature, involving the transfer of fund balances and short-term revenue measures. As noted below, a shortfall of almost \$700 million is anticipated in fiscal 2005, which is really understated by another \$100 million due to BRFA transfers of highway user revenues and transfer tax revenues in fiscal 2005. Therefore, this spending affordability recommendation was not met.

### **Outlook for Future Budgets**

As shown in **Exhibit A-1.4**, a potential shortfall of \$688 million between revenues and current services spending is projected for fiscal 2005. By fiscal 2008, the gap could exceed \$1.8 billion. The key factors behind the projected shortfalls include increased costs for current services and implementation of the Bridge to Excellence in Public Schools Act of 2002 (Chapter 288). Unlike fiscal 2003 and 2004, there is minimal reliance on one-time transfers. As shown in the exhibit, the State has contingency resources in excess of \$500 million in the Rainy Day Fund that are available to mitigate the problem.

***Current Services:*** Cost increases reflect salary and fringe benefit growth (e.g., increments, annual cost-of-living adjustments of 2 percent, and health insurance) and inflation (particularly medical inflation). Caseload and entitlement growth, particularly for Medicaid, are also expected to drive future spending needs.

***Bridge to Excellence in Public Schools Act:*** Ongoing implementation of the Bridge to Excellence in Public Schools Act of 2002 is the most significant factor driving out-year expenses. However, due to concerns about the State's ability to fully fund the legislation, the Bridge to Excellence in Public Schools Act requires the General Assembly to examine the State's fiscal condition during the 2004 legislative session. If the General Assembly fails to pass a joint resolution by the fiftieth day of the session stating that full implementation of the new structure is affordable, increases in State education aid from fiscal 2005 to 2008 will be scaled back considerably. If the act is fully implemented, State spending on education aid will exceed fiscal 2004 levels by \$356.7 million in fiscal 2005, \$717.8 million in fiscal 2006, \$1.1 billion in fiscal 2007, and almost \$1.6 billion in fiscal 2008. If the resolution is not passed fiscal 2005 aid would be \$184 million lower. By fiscal 2008 the aid could be \$853 million less than under full implementation.

**Exhibit A-1.4**  
**General Fund Budget Outlook**  
**(\$ in Millions)**

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
<b>Revenues</b>						
Fund Balance	\$309.1	\$1.4	\$34.1	-	-	-
Transfer from Rainy Day Fund	249.0	-	-	-	-	-
2002 Session BRFA Transfers	85.2	-	-	-	-	-
2003 Session BRFA Transfers	415.9	328.7	109.0	-	-	-
	<b>\$1,059.2</b>	<b>\$330.1</b>	<b>\$143.2</b>	-	-	-
Operating Revenues	\$9,371.5	\$9,926.1	\$10,372.4	\$10,926.0	\$11,425.3	\$11,948.7
Misc. Revenue Adjustments	4.3	1.9	-	-	-	-
Additional Revenues – Legislation	-	298.6	303.0	303.9	251.9	261.9
	<b>\$9,375.7</b>	<b>\$10,226.6</b>	<b>\$10,675.4</b>	<b>\$11,229.8</b>	<b>\$11,677.1</b>	<b>\$12,210.6</b>
<b>Total Revenues</b>	<b>\$10,434.9</b>	<b>\$10,556.7</b>	<b>\$10,818.6</b>	<b>\$11,229.8</b>	<b>\$11,677.1</b>	<b>\$12,210.6</b>
<b>Spending</b>						
Operating Spending	\$10,251.7	\$10,547.9	\$11,463.4	\$12,284.2	\$13,095.4	\$13,972.3
Additional Expenditures – Legislation	(1.5)	-	4.0	2.0	2.2	2.5
	<b>\$10,250.2</b>	<b>\$10,543.0</b>	<b>\$11,462.4</b>	<b>\$12,281.1</b>	<b>\$13,092.5</b>	<b>\$13,969.6</b>
PAYGO Capital	\$48.0	\$9.7	\$51.1	\$88.1	\$87.2	\$86.2
Appropriation to Reserve Fund	181.0	-	13.0	12.0	5.0	9.0
	<b>\$229.0</b>	<b>\$9.7</b>	<b>\$64.1</b>	<b>\$100.1</b>	<b>\$92.2</b>	<b>\$95.2</b>
Nondesignated Reversions	(\$45.6)	(\$35.0)	(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)
<b>Total Expenditures</b>	<b>\$10,433.5</b>	<b>\$10,522.6</b>	<b>\$11,506.5</b>	<b>\$12,361.3</b>	<b>\$13,164.7</b>	<b>\$14,044.9</b>
<b>Ending Balance</b>	<b>\$1.4</b>	<b>\$34.1</b>	<b>(\$687.9)</b>	<b>(\$1,131.4)</b>	<b>(\$1,487.6)</b>	<b>(\$1,834.3)</b>
<b>Revenue Stabilization Fund</b>						
Ending Balance	\$490.5	\$505.2	\$533.8	\$562.2	\$584.4	\$611.3
As a Percent of General Fund Revenues	5.2%	4.9%	5.0%	5.0%	5.0%	5.0%
5% of General Fund Revenues	\$468.6	\$511.2	\$533.8	\$561.5	\$583.9	\$610.5
Excess over 5% of General Fund Revenues	\$21.9	(\$6.0)	\$0.0	\$0.7	\$0.5	\$0.8

**Legislation:** Forecasted revenues are expected to increase by \$298.6 million in fiscal 2004 due to *House Bill 935* the Budget Reconciliation and Financing Act, and *House Bill 753*. The revenue gain increases to slightly over \$300 million for fiscal 2005 and 2006 and then drops to about \$250 million in fiscal 2007 when the 10 percent corporate income tax surcharge sunsets. If the Governor vetoes *House Bill 753* the State will forego \$135.6 million of general fund revenue in fiscal 2004 and slightly higher amounts in subsequent years. Legislation passed at the 2003 session will have little impact on State expenditures in future years.

The long-term structural deficit is expected to increase from about \$300 million in fiscal 2004 to \$1.8 billion by fiscal 2008, assuming full implementation of the primary and secondary education enhancements under the Bridge to Excellence in Public Schools Act. Had video lottery terminals, a sales tax increase, or some other revenue measure been adopted during the 2003 session, the structural deficit would have been reduced to a more manageable range of \$249 to \$640 million during the 2005-2008 period. Given the current financial scenario, the State is facing major decisions at the 2004 session. The affordability of the Thornton enhancements will, by necessity, be tied to significant revenue enhancements in the future. Various measures could be considered to generate sufficient revenues, including modifications to the income tax, sales, tax, or implementation of video lottery terminals. An alternative scenario could involve more limited revenue enhancements coupled with spending reductions. Statutory changes to the Thornton recommendations or a significant restructuring of State spending and/or State/local intergovernmental relationships would need to be a part of this discussion. Action by the Governor in submitting a fiscal 2005 budget can be expected to begin framing the debate over the future fiscal course that Maryland will undertake.

### **The Budget Reconciliation and Financing Act of 2003**

The Budget Reconciliation and Financing Act of 2003 *House Bill 935* constitutes an integral component of the plan to ensure a balanced budget in both fiscal 2003 and 2004. **Exhibit A-1.5** summarizes the fiscal provisions of BRFA for fiscal 2003 and 2004.

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**Exhibit A-1.5**  
**Budget Reconciliation and Financing Act of 2003**  
**Summary of Financial Provisions**  
**General Funds**

<b><u>BRFA Action</u></b>	<b><u>FY 2003</u></b>	<b><u>FY 2004</u></b>	<b><u>Total</u></b>
Transfers	\$415,881,791	\$328,662,668	\$744,544,459
Withdrawn Appropriations	5,025,058	0	5,025,058
Contingent Reductions		51,448,524	51,448,524
Revenues	0	163,033,872	163,033,872
<b>Total</b>	<b>\$420,906,849</b>	<b>\$543,145,064</b>	<b>\$964,051,913</b>

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**Transfers:** The BRFA effectuates a number of one-time transfers from various funds to the general fund, listed in **Exhibit A-1.6**. Almost \$416 million will be transferred in fiscal 2003 and over \$329 million will be transferred in fiscal 2004. The four largest, accounting for 77 percent of the total transfers, are outlined below.

- \$314.9 million from the Transportation Trust Fund, of which approximately half will be transferred to the general fund in each of fiscal 2003 and 2004;
- \$102.4 million from the local share of highway user revenues in fiscal 2004;
- \$75.0 million from the nonbudgeted Injured Workers' Insurance Reserve (IWIF) for fiscal 2003; and
- \$94.3 million from transfer taxes over fiscal 2003 and 2004.

**Exhibit A-1.6**  
**Budget Reconciliation and Financing Act of 2003**  
**Fiscal 2003 and 2004 Transfers**

	<u>FY 2003</u>	<u>FY 2004</u>
Transfer Tax Overattainment (FY 2002 and FY 2003)	\$38,656,033	
Program Open Space – Unexpended Balances	3,000,000	
Maryland Agricultural Land Preservation Fund	18,800,000	
Waterway Improvement Fund	8,000,000	\$11,000,000
Business and Economic Development Capital Funds		
MD Competitive Advantage Fund (MCAFF)	450,000	
MD Small Business Development Fund (MSBDFA)	1,000,000	
MD Economic Assistance Authority Fund (MEDAAF)	4,000,000	
Enterprise Investment Fund	2,000,000	
Smart Growth Econ. Dev. Infrastructure Fund (One MD)	2,550,000	
Sunny Day Fund	10,000,000	
Housing and Community Development Capital Funds		
Home Ownership Programs Fund	2,000,000	
Maryland Housing Fund	10,000,000	
Transportation Trust Fund*	160,000,000	154,913,000
Highway User Revenues (Transportation) Overattainment	17,949,407	
Injured Workers' Insurance Reserve	75,000,000	
University System of Maryland Fund Balance	29,000,000	
Information Technology – Major Projects Fund	23,627,500	
State Use Industries	2,000,000	2,000,000
Cigarette Restitution Fund	1,387,090	
Dedicated Purpose Fund	911,000	
Racing Commission	1,692,000	393,100
Adjustment to Planned Transfer from Racing Redev. Fund	-1,488,716	
Regulatory Health Boards Fund Balances	1,031,500	
Universal Service Trust Fund	3,000,000	
Vehicle Theft Prevention Fund	1,315,977	1,361,156
Local Share of Highway User Revenues		102,440,128
Transfer Tax Revenues		55,565,284
MD Higher Education Supplemental Loan Authority		990,000
<b>Total</b>	<b>\$415,881,791</b>	<b>\$328,662,668</b>

\*A separate BRFA provision requires the Governor to submit a plan for replacement of these funds to the Transportation Trust Fund by December 1, 2003.

BRFA includes two provisions that provide for future transfers in fiscal 2005. These actions will divert 50 percent of the estimated revenues from the transfer tax (\$57.8 million) and local highway user fees (\$51.2 million) to the general fund in fiscal 2005.

In addition, BRFA authorizes transfers to other funds, including:

- \$8.0 million from the Joseph Fund to DHR for its fiscal 2004 child welfare budget. This action completely exhausts the balance of the Joseph Fund, established to meet the emergency needs of economically disadvantaged citizens in time of economic downturn;
- \$5.0 million from the Maryland Emergency Medical System Operations Fund to the Low Interest Revolving Loan Account, with repayment in five equal installments of \$1.0 million in future years;
- \$2.3 million from the Maryland Affordable Housing Trust Fund to the Rental Allowance and Self-Help Ownership programs;
- \$1.2 million from the Health Choice Performance Incentive Fund to Medbank; and
- \$1.0 million from the Injured Workers' Insurance Fund to implement a risk management program.

***Withdrawn Appropriations:*** BRFA withdraws \$5.0 million in general fund appropriations made in prior years. This includes \$2.5 million from the Department of Juvenile Justice related to the delay of the opening of new juvenile justice centers in Baltimore City and Western Maryland. Another \$2.2 million is withdrawn from the Department of Budget and Management (DBM) Office of Information Technology to reflect savings attributed to personnel cost containment. **Exhibit A-1.7** provides the detail on these withdrawals.

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**Exhibit A-1.7**  
**Budget Reconciliation and Financing Act of 2003**  
**Operating Budget Withdrawn Appropriations from Prior Fiscal Years**

<u>Agency</u>	<u>Purpose</u>	<u>FY 2003</u> <u>General Funds</u> <u>Withdrawn</u>
DJJ	Building opening delays	\$2,500,000
DBM	Office of Information Technology salaries	2,200,000
MHEC	Meany Center grant	200,000
DNR	Blue crab advisory committee	95,000
MSDE	Interagency Committee on School Construction turnover	30,058
<b>Subtotal</b>		<b>\$5,025,058</b>

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**Contingent Reductions:** The fiscal 2004 budget is reduced by approximately \$51 million in general funds, contingent on several provisions in BRFA. **Exhibit A-1.8** details the savings from these provisions.

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**Exhibit A-1.8**  
**Budget Reconciliation and Financing Act of 2003**  
**Contingent Operating Budget Reductions**

<u>Agency</u>	<u>Provision</u>	<u>FY 2004</u> <u>General</u> <u>Funds</u>	<u>FY 2004</u> <u>Federal</u> <u>Funds</u>
SDAT	Reduced local aid	\$10,000,000	
	Reimbursement for real property administration	10,000	
Judiciary	Land record fee increase	5,000,000	
	State rent payments for circuit court delayed until 2007	1,225,000	
	25% local match for law clerks	1,350,000	
DHMH	Employer sponsored insurance option for MCHP abolished	133,000	\$247,000
	Medicaid copayments extended to managed care enrollees	700,000	700,000
State Police	30% recovery of State crime lab costs from local jurisdictions	2,465,446	
MSDE	Governor's Teacher Salary Challenge Program	30,565,078	
<b>Subtotal</b>		<b>\$51,448,524</b>	<b>\$947,000</b>

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**Revenues:** BRFA includes provisions that increase fiscal 2004 general fund revenues by \$163.0 and special fund revenues by \$19.3 million. One of the largest actions sets the corporate filing fee at \$300 beginning in fiscal 2004. Also, several actions related to tax compliance generate \$43.3 million in general funds, described in more detail in Part B – Taxes. Other revenue-generating actions eliminate the graduated withholding (one-time only), cap the Heritage Tax Credit, and increase fees for land records, medical vital records, and vehicle identification cards. **Exhibit A-1.9** illustrates the revenue actions in BRFA.

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**Exhibit A-1.9**  
**Budget Reconciliation and Financing Act of 2003**  
**Additional Fiscal 2004 Revenues**

	<b><u>General</u></b> <b><u>Funds</u></b>	<b><u>Special</u></b> <b><u>Funds</u></b>
Tax Compliance	\$43,335,000	
Cap the Heritage Structure Tax Credit	3,384,122	100,000
Eliminate graduated withholding	52,000,000	
Set corporate filing fees at \$300	59,428,750	400,000
Increase land records fees		18,800,000
Increase DHMH vital records fees	4,350,000	
Increase Comptroller vehicle Identification card fees	536,000	
<b>Total</b>	<b>\$163,033,872</b>	<b>\$19,300,000</b>

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**Rebasing Statutory Funding Formulas:** The fiscal 2004 budget reflects reductions made to formulas that provide State funding for the Arts Council grant and reimbursement for community service providers. The specifics for each formula are summarized below.

**Maryland Arts Council:** The required annual allowance will be based on the previous year's appropriation rather than the previous year's allowance.

**Community Service Provider Reimbursement:** Current statute establishes a schedule for increasing salaries of community direct service workers working with the developmentally disabled. The action reduces the amount by which the Department of Health and Mental Hygiene (DHMH) is required to increase reimbursement for community service providers. It also increases the scheduled reimbursement rate increase in fiscal 2005 by the amount reduced in fiscal 2004.

**General Government Provisions of BRFA:** Other provisions of BRFA involve changes to streamline the administration of State government or produce additional short- and long-term savings.

**State Reserve Fund:** Provisions related to the State Reserve Fund require the Governor to appropriate at least \$100 million to the State Fund if the projected balance falls below 3 percent of general fund revenues; eliminate the delineation between “general” and “specific” dedicated purposes; establish one approval procedure for all dedicated purposes; rename each “fund” with “account”; and repeal uncodified language regarding purchase of child care and family investment program funds placed in the Dedicated Purpose Fund.

**Health and Human Services:** In addition to actions related to Medicaid mentioned in the contingent reductions section, consistent with fiscal 2004 budget reductions, BRFA requires families participating in the Maryland Children’s Health Program who have incomes between 185 and 200 percent of the federal poverty guidelines (FPG) to pay a premium. Under current law, families with incomes between 200 and 300 percent of FPG are already required to pay a premium. It also authorizes DHMH to collect pharmacy co-payments from enrollees of Managed Care Organizations. BRFA freezes fiscal 2004 reimbursement rates for providers of nonpublic placements at the level set by the Interagency Rates Commission in January 2003, with exceptions for emergencies. Finally, it reduces the mandated funding requirement for the Women, Infants, and Children program.

Actions related to the Cigarette Restitution Fund (CRF) include decreasing the frequency of tobacco and cancer studies to biennially; modifying the CRF local grant calculation to once every four years; codifying the requirement that the Governor put \$21 million in the annual budget for tobacco control programs (except for fiscal 2004 only, which reduces the level to \$18 million); and transferring \$1.4 million from the CRF to the general fund for fiscal 2004. It also requires a report on the DHMH’s funding methodology for tobacco and cancer programs funded by the CRF.

**Education:** Provisions pertaining to education include defining the “State share” for Baltimore City Community College, other community colleges, and the Sellinger grant; permitting reductions to administrative expenses in the School for the Deaf; deferral of the State match for the Innovative Partnerships for Technology program in fiscal 2004; delaying Private Incentive Donation Program payments until fiscal 2005; and amending the Joseph P. Sellinger grant eligibility to exclude certain non-accredited colleges.

**Economic Development:** BRFA provisions affecting economic development include deletion of the Maryland Competitive Advantage Financing Fund and specification of the Maryland Economic Development Corporation financial statement reporting requirement.

**State Personnel:** Provisions pertaining to State personnel prohibit cost-of-living adjustments, increments, and performance bonuses in fiscal 2004 (except for higher education faculty retention); revert fiscal 2003 general funds budgeted for the employee transit subsidy program; and sunset military leave benefits on June 30, 2003, to avoid a deficiency.

**Local Aid:** Local aid programs and funding was impacted by the BRFA, in many instances requiring a local contribution toward programs that benefit the jurisdictions. This includes a statutory deduction from the Police Aid formula to fund 30 percent of State Police crime lab costs, a 25 percent local contribution toward the salary costs of circuit court law clerks, and a \$10,000 reduction to reflect local contributions toward the cost of real property tax administration. In addition, State payments for rent costs related to circuit courts were deferred until 2007. Aid reductions include a \$10 million cut in local aid through the Department of Assessments and Taxation tax credit program, the previously mentioned transfers in 2004 and 2005 of local highway user revenues and a portion of transfer tax revenues (program open space), vehicle theft prevention funds, and \$30 million from the Teacher Salary Challenge program.

**Miscellaneous Provisions:** Other provisions implement the following actions, which:

- remove the administrative expenses cap of 50 percent for use of Waterway Improvement Funds in fiscal 2003 and 2004;
- prohibit PAYGO capital funds to be transferred to operating budget programs;
- provide an exemption for the maintenance of effort requirement for disparity grants in fiscal 2004;
- require enacted legislation prior to the development of a Magnetic Levitation (Maglev) transportation system;
- require a 95 to 100 percent cost recovery rate for the Motor Vehicles Administration;
- delete the annual Wellmobile audit requirement;
- codify local jail per diem budget bill language, make a technical correction to local jail capital funding from the State, and clarify the use of the Law Enforcement and Correctional Training Fund;
- terminate the Commission on Maryland's Fiscal Structure, which was established during the 2002 legislative session to review, evaluate, and make recommendations regarding the State budget process and tax structure; and

- make technical corrections to properly reflect the funding sources for the State's railroad safety program and the Division of Labor and Industry.

### **Selected Budgetary Initiatives**

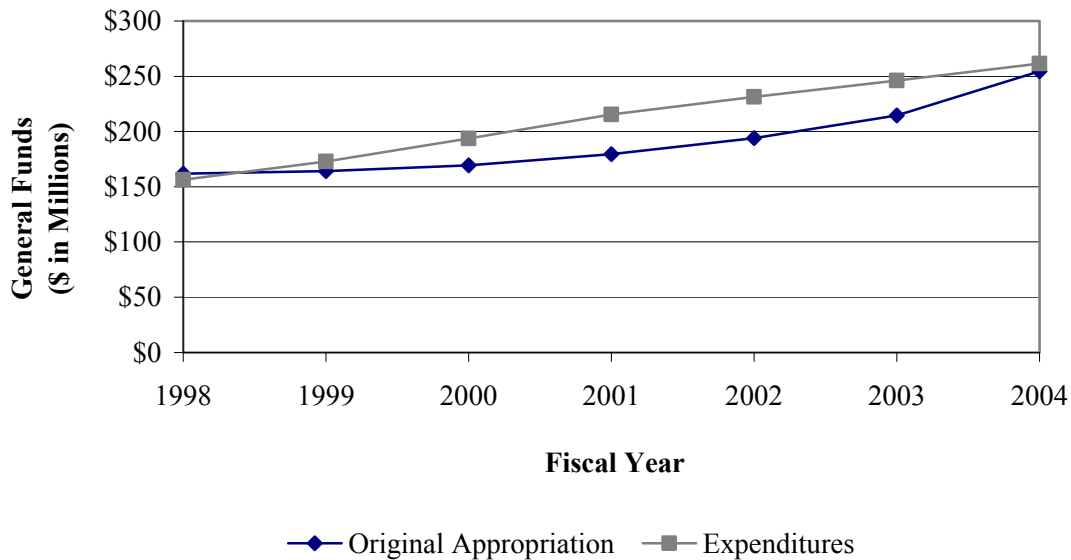
The budget typically provides funding for new initiatives and enhancements that are not related to legislation. While the fiscal 2004 budget is no exception, the austere fiscal condition provides for fewer such opportunities than in prior years.

#### **Health**

***Mental Health Funding:*** For the past three sessions, much of the discussion surrounding community mental health services funded through the Mental Hygiene Administration focused on the significant deficit in that program. The legislature has provided one-time funding to address these deficits: proceeds from a Tax Amnesty Program in 2001 and higher than anticipated disproportionate share payments in 2002. However, these one-time solutions did not resolve the structural deficit.

The fiscal 2004 budget for the Mental Hygiene Administration included a \$120 million increase for community mental health services (\$60 million in both general and federal funds). Half of these funds were introduced as a fiscal 2003 deficiency, the remainder applied to fiscal 2004. Based on Legislative Service's estimates of funding requirements, there are potentially significant shortfalls in fiscal 2003 (as much as \$20 million). However, as shown in **Exhibit A-1.10**, the fiscal 2004 appropriation did come close to addressing the structural deficit.

**Exhibit A-1.10**  
**The Community Services Structural Deficit**  
**Fiscal 1998 through 2004**



Note: Fiscal 2002 through 2004 expenditures are DLS estimates.

Source: Department of Legislative Services

**Developmental Disabilities Administration Increase:** A developmental disability is a condition attributable to a mental or physical impairment that results in substantial functional limitations in major life activities and which is likely to continue indefinitely. The Developmental Disabilities Administration (DDA) provides direct services to these individuals in four State residential centers and through funding of a coordinated service delivery system that supports the integration of these individuals into the community. The DDA budget grows \$32 million in fiscal 2004. The increase is the result of several recent initiatives intended to increase access to and quality of community services. The first initiative, the Waiting List Initiative, was scheduled to conclude after fiscal 2003. The Governor provided \$15.3 million for the expansion of community services, including transitioning youth and emergency placements, an amount sufficient to extend the initiative through fiscal 2004. The General Assembly reduced funds for expansion by \$4.3 million, leaving funding sufficient to expand services to an estimated 1,000 individuals in fiscal 2004. Fiscal 2004 also marked the second year of an initiative to increase wages for community direct service workers. Concern that direct care workers employed by community providers were not being compensated at the rate of employees

in State residential centers led to legislation, enacted in 2001, to eliminate the wage disparity over a five-year period. The General Assembly reduced funding for the initiative by 10 percent, from \$16.1 to \$14.6 million. Language in the Budget Reconciliation and Financing Act of 2003 (**House Bill 935**) requires the difference to be made up in the next fiscal year. The remainder of the increase provides funds for the annualization of fiscal 2003 community placements and deinstitutionalization.

### **Crimes, Corrections, and Public Safety**

**Public Defender:** The General Assembly approved an increase of \$5,099,464 or 8.83 percent in the Office of the Public Defender (OPD) over the adjusted fiscal 2003 appropriation, after cost containment and with fiscal 2003 deficiencies. The Public Defender received a significant increase in fiscal 2004 appropriations at a time when other State agencies were reduced or had increases that collectively were one percent over the fiscal 2003 level. The additional funds address the Public Defender caseload crises; opening of the Baltimore City Juvenile Justice Center; Children in Need of Assistance (CINA) representation for noncustodial parents, the opening of the new Hargrove Southern District Court in Baltimore City, and the Montgomery County District Court Criminal docket. The fiscal 2004 appropriation also provides full funding of panel attorneys where the previous administration had reduced funds for cost containment. Panel attorneys are assigned cases where there are multiple defendants and/or to address the case overload when existing caseload assigned to OPD staff exceed acceptable levels for competent representation. (see Part F – Courts and Civil Proceedings of this *90 Day Report*).

**Juvenile Justice:** This fiscal 2004 budget includes \$2.0 million for several Department of Juvenile Justice initiatives. There is \$750,000 for the expansion of mental health counselors (the mental health needs of youth in the juvenile justice system being a longstanding concern), \$750,000 for the expansion of the existing network of juvenile drug courts, and \$250,000 for an Office of Disproportionate Minority Confinement. Finally, funding for management reforms total \$250,000, allowing for the enhancement of the research and evaluation function. One of the criticisms of DJJ in the past several years has been the paucity of data upon which to evaluate the efficacy of the department's programs.

Another \$7.5 million was proposed in the Maryland State Department of Education to allow the department to take over the education function at the Charles Hickey School (see also discussion on **House Bill 860 (enrolled)**). The Hickey school is a State-owned, privately operated committed facility. This amount was cut due to budget constraints, with the exception of \$1 million to be transferred to the Department of Juvenile Justice in order to fully fund educational funding at Hickey in fiscal 2004. However, it is anticipated that this funding will be provided in fiscal 2005.

## Education

Fiscal 2004 marks the first year of the phase-in schedule for the new education finance structure that was established by the Bridge to Excellence in Public Schools Act of 2002 (Chapter 288). Full funding for the first year was included in the Governor's proposed fiscal 2004 budget and represented a \$238 million (7.6 percent) increase in State aid for education. Budget actions adopted by the General Assembly reduce the increase to \$206 million (6.6 percent) but preserve the integrity of the new financing structure. In total, the State will provide more than \$3.3 billion in primary and secondary education aid in fiscal 2004. (see Part L – Education of this *90 Day Report*).

## Cigarette Restitution Fund

The General Assembly established the Cigarette Restitution Fund in 1999 to collect and redistribute monies received as a result of settling outstanding litigation with the five major tobacco companies. Legislation passed during the 2000 legislative session established the Tobacco Use Prevention and Cessation Program and the Cancer Prevention, Education, Screening, and Treatment Program to reduce tobacco use and the occurrence of cancer- and tobacco-related diseases. These programs, in addition to several other health-related programs, comprise the majority of CRF spending. Funds also support a variety of education and crop conversion initiatives. **Exhibit A-1.11** details the distribution of funds in recent years.

The Governor's fiscal 2004 allowance included \$184 million in the CRF, primarily directed to the health-related programs established in statute. Funding for the CRF tobacco and cancer programs was reduced in the fiscal 2004 allowance to make funds available for Medicaid; reductions also reflect a reduction in tobacco settlement revenue available to the State in the next fiscal year.

The General Assembly made several changes to the Governor's fiscal 2004 CRF budget. The General Assembly deleted \$250,000 for the Maryland Health Care Foundation, consistent with ***Senate Bill 17 (passed)***, repealing the statutory authorization for the foundation. The General Assembly also reduced funding for nonpublic school textbooks from \$5 to \$3 million and authorized the transfer of \$1 million from the tobacco transition program to the minority outreach and technical assistance component of the CRF tobacco program. Reductions authorized by the General Assembly will remain in the CRF to offset a write-down in anticipated tobacco settlement revenue in fiscal 2004.

**Exhibit A-1.11**  
**Cigarette Restitution Fund**  
**Fiscal 2001 through 2004**  
**(\$ in Millions)**

	<b>FY 01</b> <b>Actual</b> <b>Spending</b>	<b>FY 02</b> <b>Actual</b> <b>Spending</b>	<b>FY 03</b> <b>Working</b> <b>Appropriation</b>	<b>FY 04</b> <b>Legislative</b> <b>Appropriation</b>
<b>Health</b>				
Management	\$0.0	\$0.0	\$0.5	\$0.6
Tobacco	7.3	16.9	20.0	16.2
Cancer	23.8	34.6	37.4	32.8
Substance Abuse	16.3	16.9	18.5	17.1
Mental Hygiene Administration	2.2	1.6	0.0	0.0
Maryland Health Care Foundation	1.5	1.0	1.0	0.0
Medicaid	24.6	0.0	104.0	106.6
<b>Subtotal</b>	<b>\$75.7</b>	<b>\$71.0</b>	<b>\$181.4</b>	<b>\$173.3</b>
<b>Education</b>				
Teachers Salaries	\$6.9	\$0.0	\$0.0	\$0.0
Baltimore City Partnership	8.0	3.2	0.0	0.0
Academic Intervention	12.0	19.1	0.0	0.0
Aid to Nonpublic Schools	5.0	4.9	3.8	3.0
Judy Hoyer Centers	4.0	2.9	4.0	0.0
School Wiring	0.0	0.0	0.0	0.0
Education Modernization	2.5	0.0	0.0	0.0
Teacher Mentoring	2.5	2.5	2.5	0.0
Teacher Certification	2.0	3.4	1.5	0.0
Technology Academy	1.6	1.7	1.7	0.0
Readiness and Accreditation	3.0	3.0	0.0	0.0
<b>Subtotal</b>	<b>\$47.5</b>	<b>\$40.7</b>	<b>\$13.5</b>	<b>\$3.0</b>
<b>Higher Education</b>				
MAITI Technology	\$3.7	\$0.0	\$0.0	\$0.0
Access/Success	1.0	1.0	1.0	0.0
Digital Library	0.5	0.0	0.0	0.0
<b>Subtotal</b>	<b>\$5.2</b>	<b>\$1.0</b>	<b>\$1.0</b>	<b>\$0.0</b>
<b>Crop Conversion</b>	<b>\$9.0</b>	<b>\$6.3</b>	<b>\$6.3</b>	<b>\$5.1</b>
<b>Attorney General</b>	<b>\$0.4</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.0</b>
<b>Total Expenses</b>	<b>\$137.8</b>	<b>\$119.0</b>	<b>\$202.3</b>	<b>\$181.4</b>
Transfer to the General Fund			-3.8	

Source: Department of Budget and Management

## Transportation

The Maryland Department of Transportation (MDOT) estimates that the Transportation Trust Fund (TTF) will generate \$3.4 billion in fiscal 2004. Major revenue sources include motor fuel tax receipts (\$727 million); titling tax and rental car sales tax receipts (\$698 million); federal funds (\$664 million); bond sale proceeds (\$370 million); and licensing and registration fees (\$326 million).

Transportation spending totals \$3.2 billion in fiscal 2004, a slight decrease from planned fiscal 2003 spending. Appropriations are made for MDOT capital expenditures (\$1.5 billion), operating expenditures (\$1.1 billion), and debt service (\$146 million). Local highway user revenue grants are funded through the State Highway Administration budget (\$358 million). The fiscal 2003 budget funds 9,318.5 regular positions and 181.85 contractual FTEs. The budget bill includes a provision requiring MDOT to delete funds totaling \$4.3 million in vacant positions.

Actions taken by the General Assembly in the 2003 BRFA (*House Bill 935*) altered the flow of revenues to the TTF. **Exhibit A-1.12** details the effect of various tax and BRFA provisions pertaining to transportation and the actions MDOT is taking to mitigate any negative effects of these provisions.

- The 2003 BRFA provides for transfers of motor vehicle registration and other fees from the TTF to the general fund in fiscal 2003 and 2004. The administration assumed transfers of \$150 million in both years. The 2003 BRFA was amended to increase these transfers slightly to \$160 million in fiscal 2003 and \$154.9 million in fiscal 2004.
- Given the size of the transfers, the 2003 BRFA was amended to require the Governor to submit a plan to the Senate Budget and Taxation Committee, House Committee on Appropriations, and House Committee on Ways and Means for replacement of the funds.
- The 2003 BRFA included a provision to reduce local highway user revenue grants in fiscal 2003 by \$17.9 million and by \$102.4 million in fiscal 2004. This action leaves \$358 million in transportation aid for distribution to counties and municipalities in fiscal 2004. The 2003 BRFA also reduced the amount to be transferred in fiscal 2005 by \$51.2 million.
- Two changes to the collection of corporate income taxes were passed. Currently 24 percent of all corporate income tax is shared with the TTF. *House Bill 753* imposed a surcharge on corporations operating in Maryland; however, the 100 percent additional corporate income tax revenue resulting from this change will go to the general fund. The lost revenue as result of this provision is \$10.6 million in fiscal 2004, \$10.9 million in fiscal 2005, and \$11.6 million in fiscal 2006.

- The second corporate income tax law change, also in *House Bill 753* addresses tax avoidance actions such as utilizing Delaware holding companies. The revenue generated as a result of these changes will be distributed to the TTF according to the existing formula, except for a one-year provision to transfer \$7.7 million to the general fund in fiscal 2004.
- The administration's fiscal 2004 allowance did not include general fund support for construction of the Woodrow Wilson Bridge and extension of the Metrorail to Largo Town Center. However, MDOT's September TTF forecast assumed general fund assistance of \$205 million between fiscal 2004 and 2008. Prior to submitting its budget in January, the administration was able to mitigate loss of general fund support largely through higher revenue estimates. The 2003 BRFA did not include provisions for general fund transfers to MDOT for these projects.

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**Exhibit A-1.12**  
**Provisions Affecting Transportation Spending**  
**Fiscal 2003-2008**  
**(\$ in Millions)**

	<u><b>Total</b></u>
<b>Transfers and Lost Funds</b>	
Transfers from the TTF to the general fund	(315)
Loss of anticipated transfers of general funds	(205)
Loss of reimbursement by State agencies for free State employee transit benefit	(1)
Corporate income tax increased revenue that will not be shared with MDOT in fiscal 2004	(8)
<b>Subtotal</b>	<b>(\$529)</b>
<b>Adjustments to Mitigate</b>	
Minor Projects and System Preservation funding removed from fiscal 2005-2008	169
Increased revenue estimates	162
Capital projects and programs removed from fiscal 2003 through 2008	136
Operating budget cost containment reductions	48
Reductions made by General Assembly	16
<b>Subtotal</b>	<b>\$531</b>
<b>Difference</b>	<b>(\$2)</b>

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**State Reserve Fund**

**Exhibit A-1.13** shows that the State Reserve Fund is projected to have a fund balance totaling approximately \$505 million at the end of fiscal 2004. Fiscal 2003 actions include:

- \$181 million appropriation to the Revenue Stabilization Fund (Rainy Day Fund) attributable to unanticipated revenue growth in fiscal 2001;
- \$10 million transfer of Temporary Assistance for Needy Families (TANF) funds to support welfare activities;
- \$249 million transfer of Rainy Day Funds to the general fund;

**Exhibit A-1.13**  
**Reserve Fund Activity – Fiscal 2003 and 2004**  
(\$ in Millions)

	<u>Rainy Day Fund</u>	<u>Dedicated Purpose Fund</u>	<u>Catastrophic Event Fund</u>	<u>Joseph Fund</u>
<b>Balances on Hand 6/30/02</b>	<b>\$547.9</b>	<b>\$100.8</b>	<b>\$0.2</b>	<b>\$8.1</b>
Fiscal 2003 Appropriations	181.0	0.0	0.0	0.0
Expenditures:				
TANF/Welfare Programs		(10.0)		
Transfers:				
General Fund – 2003 Session	(249.0)	(78.4)		
General Fund – 2003 Session	0.0	(0.9)		
Estimated Interest	10.6			0.2
Balances on Hand 6/30/03	490.5	11.4	0.2	8.2
Fiscal 2004 Appropriations	0.0	0.0	0.0	0.0
Expenditures:				
Child Welfare Services				(8.2)
TANF/Welfare Programs		(11.4)		
Estimated Interest	14.7			0.0
<b>Estimated Balances 6/30/04</b>	<b>505.2</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>
<b>Balance in Excess of 5% GF Revenues</b>	<b>(6.0)</b>			

Note: Totals may not sum due to rounding.

Source: Department of Budget and Management

- \$79.3 million transfer of Dedicated Purpose Funds (DPF) to the general fund. These funds include funds previously dedicated for Maryland Department of Transportation capital projects, TANF welfare programs, and Public Service Commission consumer education; and
- adding Section 49 to the budget bill precluding the transfer of additional Rainy Day Funds to the general fund in fiscal 2003.

Fiscal 2004 activities include:

- \$11.4 million transfer from DPF to support the Local Family Investment Program in the Department of Human Resources (DHR). This transfer depletes DPF; and
- \$8.2 million transfer from the Joseph Fund to support DHR's Child Welfare Program. This transfer depletes the Joseph Fund.

Current projections assume that the Rainy Day Fund's balance will be \$505 million, which is 4.94 percent of general fund revenues in fiscal 2004. This is almost \$6 million below the 5 percent requirement. The budget that the Governor introduced exceeded the requirement by almost \$4 million. Current projections are now below the 5 percent requirement because the General Assembly passed legislation increasing revenues (*House Bill 753*) thus raising the 5 percent requirement from approximately \$501 million to \$511 million.

## Personnel

State expenditures devoted to regular employee salaries and fringe benefits, estimated to cost \$4.9 billion in fiscal 2004, constitute a major component of the budget. Regular employee expenditures increase \$19.9 million or 0.4 percent, the components of which are detailed in **Exhibit A-1.14** while contractual employee expenditures increase \$19.5 million or 4.9 percent over the fiscal 2003 working appropriation. The Budget Reconciliation and Financing Act prohibits award of, and the budget does not include any funds for employee bonuses, merit or increment increases, or general salary increases. Fiscal 2004 budget increases are largely due to health, dental, and prescription insurance costs. They are also due to an expectation that a higher percentage of State positions will be filled in fiscal 2004 than in fiscal 2003.

In addition to the components of compensation detailed above, there are three more items of note. First, the State's match of up to \$600 to deferred compensation plans was not funded for fiscal 2004. Second, although funding for the fiscal 2003 employee transit benefit, which provides free ridership to State employees on mass transit in the Baltimore area, is in effect transferred through the BRFA from individual agencies to the Maryland Department of Transportation, the benefit remains. Third, the budget bill establishes an employee buyout pilot program in the State. The Department of Budget and Management (DBM) may establish a buyout program wherein each participating agency is required to identify positions that are not critical to agency functions. Employees in these positions would then be eligible for a "buyout"

– one month of salary for each year of service, to a maximum of six months of salary. The cost effectiveness of the program will be provided through a cost-benefit analysis provided by DBM.

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**Exhibit A-1.14**  
**Regular Employee Personnel Expenditure Changes**  
**Fiscal 2003 Working Appropriation to 2004 Budget**  
**(\$ in Millions)**

<b>Fiscal 2003 Working Appropriation:</b>	<b>\$4,953.7</b>
Employee bonuses not awarded (2003 Session BRFA/Reversions)	-28.8
Transit Benefit (2003 Session BRFA)	-1.5
<b>Adjusted 2003 Working Appropriation:</b>	<b>\$4,923.4</b>
Full value (salaries and variable fringes) of position abolitions	
In the allowance (1,387 full-time equivalent positions)	-54.5
In the legislative appropriation (approximately 1,789 due to the position cap of 74,100 Executive Branch FTE positions)*	-20.0
Lower turnover	63.1
Other salary (additional assistance, overtime, shift differential, student payments, other)	-20.1
Health insurance	118.3
Retirement	3.2
Workers' compensation insurance	-56.0
State deferred compensation match	-13.5
Other changes	-0.7
<b>Adjusted Fiscal 2004 Appropriation</b>	<b>\$4,943.3</b>
<b>Increase</b>	<b>\$19.9</b>
<b>Percent Increase</b>	<b>0.4%</b>

\* This reduction may be taken in any object or subobject of expenditure, but it is attributable to Section 41 (the position cap language), so is reflected here.

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## **Position Cap**

Under the requirements of the budget bill, a 74,100 full-time equivalent (FTE) regular position cap is applied to the Executive Branch. This position cap requires substantial position reductions and minimum budgetary reductions of \$20.0 million in general funds and \$4.9 million in special funds. These reductions may be taken in any object or subobject of expenditure, according to Section 41; however, the savings are attributable to the reductions in positions. Positions abolished (1,387 FTEs) in the allowance carry with them a potential future budgetary savings of \$47.8 million for salaries alone. Additional position reductions necessary to reach the cap (1,789 FTEs) carry with them a potential future budgetary savings of at least that much. Individual agency budgets reflect reductions of 131.5 FTEs (including a reduction of 18.0 FTEs in the Judiciary), as shown in **Exhibit A-1.15**, under the legislative appropriation. In addition to the reductions already taken, agencies must abolish an additional 1,675.0 FTE positions to reach the cap.

Under the cap, an agency with more than 10 positions must submit to the Governor a plan for abolishing not fewer than 2.5 percent and not more than 6 percent of its total positions. After receiving the abolition plans, the Governor is required to make the final determination of the proper distribution of reductions based on consideration of the abundance of vacant positions in the State, opportunities for improved efficiency through the elimination of unnecessary layers of administration, and the need to protect vulnerable populations and promote public safety. In addition to any reductions taken to reach the position cap, after the beginning of the fiscal year, under the "Rule of 250," the Board of Public Works may approve the addition of as many as 250 positions funded with State funds and an unlimited number of positions funded with non-state funds. Positions funded with non-state funds are to be eliminated when the source of funding is no longer available.

**Exhibit A-1.15**  
**Regular Full-time Equivalent Employees**  
**Fiscal 2003 Working to 2004 Legislative Appropriation**

	<b><u>2003</u></b> <b><u>Working</u></b> <b><u>Approp.</u></b>	<b><u>Net</u></b> <b><u>Position</u></b> <b><u>Change</u></b>	<b><u>2004</u></b> <b><u>Allow.</u></b>	<b><u>Session</u></b> <b><u>Actions</u></b>	<b><u>2004</u></b> <b><u>Legis.</u></b> <b><u>Approp.</u></b>
Legislative	730.0	-	730.0	-	730.0
Judiciary	3,223.8	18.0	3,241.8	(18.0)	3,223.8
Other Legal	1,390.9	72.2	1,463.1	-	1,463.1
Executive & Administrative	1,603.7	(9.0)	1,594.7	(1.0)	1,593.7
Financial & Revenue Adm.	2,098.2	(12.0)	2,086.2	-	2,086.2
Budget & Management	531.3	(38.5)	492.8	(2.0)	490.8
Retirement	184.5	4.0	188.5	(4.0)	184.5
General Services	806.5	(32.0)	774.5	(1.0)	773.5
Transportation	9,318.5	32.5	9,351.0	(32.5)	9,318.5
Natural Resources	1,577.2	(87.2)	1,490.0	-	1,490.0
Agriculture	460.0	(21.0)	439.0	-	439.0
Health & Mental Hygiene	8,211.9	(317.1)	7,894.8	-	7,894.8
Human Resources	7,733.1	(123.0)	7,610.1	-	7,610.1
Labor, Licensing, & Regulation	1,617.0	(68.0)	1,549.1	-	1,549.1
Public Safety & Correctional Serv.	11,562.5	(258.5)	11,304.0	-	11,304.0
Other Education	2,018.6	(24.7)	1,993.9	(73.0)	1,920.9
Housing & Community Dev.	424.0	(18.1)	405.9	-	405.9
Business & Economic Dev.	319.0	(9.0)	310.0	-	310.0
Environment	1,032.0	(57.0)	975.0	-	975.0
Juvenile Justice	1,996.2	(35.0)	1,961.2	-	1,961.2
Police & Fire Marshal	2,574.5	(79.0)	2,495.5	-	2,495.5
<b>Subtotal</b>	<b>59,413.4</b>	<b>(1,062.4)</b>	<b>58,351.0</b>	<b>(131.5)</b>	<b>58,219.5</b>
Higher Education	21,402.5	106.7	21,509.3	-	21,509.3
<b>Reduction Due to Position Cap</b>				<b>(1,675.0)</b>	<b>(1,675.0)</b>
<b>Total</b>	<b>80,815.9</b>	<b>(955.6)</b>	<b>79,860.3</b>	<b>(1,806.5)</b>	<b>78,053.8</b>

## Higher Education

After experiencing significant cost containment reductions in fiscal 2003, public colleges and universities emerged from the 2003 General Assembly relatively unscathed. In January and February 2003, fiscal 2003 State support for public four-year institutions and private colleges and universities was reduced on average by 8 percent. The four public historically black institutions, Baltimore City Community College, and other community colleges experienced reductions in fiscal 2003 of 4 percent.

As shown in **Exhibit A-1.16**, the General Assembly took no action to reduce appropriations for the Cade formula for community colleges or to Baltimore City Community College, both of which increased according to their respective formulas. The General Assembly reduced State support for University System of Maryland and Morgan State by only 0.6 percent, or a total of \$5 million, compared to fiscal 2003 after cost containment. The reduction to St. Mary's College was \$100,000, leaving an increase of about \$363,000 compared to fiscal 2003. Aid to private institutions would have increased to \$43.7 million in fiscal 2004 according to its formula, but the General Assembly made a one-time reduction of \$11 million, or 25 percent.

In addition to regular State support, the four public historically black institutions will receive \$5.5 million in enhancement funds related to the State's partnership agreement with the Office for Civil Rights and \$3.1 million through the Private Donation Incentive grant program.

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### Exhibit A-1.16 State Support for Higher Education Fiscal 2003 Working Appropriation to 2004 Legislative Appropriation

	<b>Fiscal 2003 After Cost Containment</b>	<b>Fiscal 2004 Allowance</b>	<b>Fiscal 2004 Legislative</b>	<b>Legislative Reduction</b>
University System of Maryland	\$800,877,201	\$800,877,274	\$796,177,098	< 1%
Morgan State University	51,088,021	51,088,021	50,788,197	< 1%
St. Mary's College	13,853,271	14,315,970	14,215,970	< 1%
Cade/Community Colleges	182,607,159	184,651,271	184,651,271	0%
Baltimore City Community College	29,903,818	31,433,101	31,433,101	0%
Sellinger/Private Institutions	42,598,822	43,749,027	32,749,027	25%

Note: The fiscal 2004 legislative appropriation does not reflect the application of across-the-board reductions made in the back of the budget bill.

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## By the Numbers

A number of exhibits summarize the legislative budget action. These exhibits are described below:

**Exhibit A-1.17** shows the impact of the legislative budget on the general fund balance for fiscal 2003 and 2004. The fiscal 2003 balance, including transfers from the Revenue Stabilization Fund and actions through the BRFA, is estimated to be \$1.4 million. At the end of fiscal 2004, the ending balance is estimated to be \$34.1 million.

**Exhibit A-1.18**, the fiscal note on the budget bill, depicts the Governor's allowance, funding changes made through Supplemental Budget No. 1, actions through the BRFA, legislative reductions, and final appropriations for fiscal 2003 and 2004 by fund source. The Governor's original request provided for \$22.6 billion (exclusive of projected reversions and contingent reductions) in fiscal 2004 expenditures and fiscal 2003 deficiencies. The Governor added \$25.5 million in fiscal 2003 and 2004 spending via Supplemental Budget No. 1. The legislature made \$264.4 million in reductions and contingent reductions to the total budget request, resulting in appropriations of \$86.4 million for fiscal 2003 (net of withdrawn appropriations) and \$22.4 billion for fiscal 2004.

**Exhibit A-1.19** illustrates budget changes by major expenditure category by fund. Total spending grows 0.1 percent. Debt service increases 28.7 percent; aid to local governments increases by 3.6 percent; State agency spending rises 1 percent; and entitlements grow 8.6 percent. PAYGO capital expenditures decrease 9.1 percent. The reduction in PAYGO is due to the lower availability of general funds to be applied to such one-time spending, special fund cash flow changes for construction of the new Woodrow Wilson Bridge, and a sharp reduction in program open space spending (although some portion of the program is funded through general obligation debt) related to the transfer tax diversion to the general fund. There is no appropriation to the State Reserve Fund in fiscal 2004.

**Exhibit A-1.17**  
**Final Budget Status**  
**Status as of April 5, 2003**

	<u><b>FY 2003</b></u>	<u><b>FY 2004</b></u>
<b>Starting General Fund Balance</b>	<b>\$309,140,285</b>	<b>\$1,399,658</b>
<b>Revenues (2002 &amp; 2003)</b>		
BRE Estimated Revenues – December 2002/Tech Adj.	9,476,997,952	10,029,211,944
BRE Revenue Revision – March 2003	(106,132,000)	(111,887,000)
Budget Reconciliation and Financing Act of 2002	85,200,000	0
Budget Reconciliation and Financing Act of 2003 Transfers	415,881,791	328,662,668
Budget Reconciliation and Financing Act of 2003 Revenues	0	163,033,872
Other Legislation – New Revenues	0	135,615,533
Additional Revenues	4,856,051	10,657,301
	<b>\$9,876,803,794</b>	<b>\$10,555,294,318</b>
Net Transfer to the GF from the Rainy Day Fund 2002 Session	67,971,223	0
<b>Subtotal Available Revenues</b>	<b>\$10,253,915,302</b>	<b>\$10,556,693,976</b>
<b><u>Appropriations</u></b>		
General Fund Appropriations Net of Rainy Day Fund	10,441,219,044	10,958,326,278
Deficiencies	76,564,589	0
Supplemental Budget No. 1	10,524,259	(179,673,639)
BPW Withdrawn Appropriations	(217,522,863)	(20,779,149)
BRFA Withdrawn Appropriations	(5,025,058)	0
Legislative Reductions/BRFA Contingent Reductions	(668,319)	(200,306,095)
Estimated Agency Reversions	(52,576,008)	(35,000,000)
<b>Subtotal Appropriations</b>	<b>\$10,252,515,644</b>	<b>\$10,522,567,395</b>
<b>Closing General Fund Balance</b>	<b>\$1,399,658</b>	<b>\$34,126,581</b>

**Exhibit A-1.18  
Fiscal Note  
Summary of the Budget Bill – House Bill 40**

	<u>General Funds</u>	<u>Special Funds</u>	<u>Federal Funds</u>	<u>Education Funds</u>	<u>Total Funds</u>
<b>Governor's Request:</b>					
FY 2003 Deficiency Budget	\$76,564,589	\$0	\$5,032,000	\$0	\$81,596,589
FY 2004 Budget	<u>10,902,547,129</u> (1)	<u>3,775,336,038</u> (2)	<u>5,497,450,290</u>	<u>2,461,351,905</u>	<u>22,636,685,362</u>
Original Budget Request	\$10,979,111,718	\$3,775,336,038	\$5,502,482,290	\$2,461,351,905	\$22,718,281,951
<b>Supplemental Budget No. 1:</b>					
FY 2003 Deficiency Budget	\$10,524,259	\$0	\$0	\$0	\$10,524,259
FY 2004 Budget	<u>-179,673,639</u>	<u>194,671,951</u>	<u>0</u>	<u>0</u>	<u>14,998,312</u>
	-\$169,149,380	\$194,671,951	\$0	\$0	\$25,522,571
<b>Budget Reconciliation and Financing Act of 2003:</b>					
FY 2003 Withdrawn Appropriations	<u>-\$5,025,058</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>-\$5,025,058</u>
Total BRFA Actions	-\$5,025,058	\$0	\$0	\$0	-\$5,025,058
<b>Conference Committee Reductions:</b>					
FY 2003 Deficiency Budget	-\$668,319	\$0	\$0	\$0	-\$668,319
FY 2004 Budget	-148,857,571	-34,465,167	-34,323,960	0	-217,646,698
FY 2004 Contingent Reductions	<u>-51,448,524</u> (3)	<u>6,350,000</u>	<u>-947,000</u>	<u>0</u>	<u>-46,045,524</u>
Total Reductions	-\$200,974,414	-\$28,115,167	-\$35,270,960	\$0	-\$264,360,541
<b>Appropriations:</b>					
FY 2003 Deficiency Budget	\$81,395,471	\$0	\$5,032,000	\$0	\$86,427,471
FY 2004 Budget	<u>10,522,567,395</u>	<u>3,941,892,822</u>	<u>5,462,179,330</u>	<u>2,461,351,905</u>	<u>22,387,991,452</u>
Total Appropriation	\$10,603,962,866	\$3,941,892,822	\$5,467,211,330	\$2,461,351,905	\$22,474,418,923

(1) Reflects general fund reversions of \$35 million and an across-the-board reduction of \$12 million in telecommunications as submitted by the Governor in the original bill. In addition, language in the bill as introduced made \$15.8 million in reductions for community colleges, BCCC, and Aid to Nonpublic Colleges and Universities contingent on the withdrawal of funds from higher education in fiscal 2003. That contingency was satisfied and the reductions are reflected. Finally, Supplemental Budget No. 1 amended contingent language in the original bill to implement a \$5 million reduction in the Maryland After School Opportunity Fund.

(2) Reflects special fund contingent reductions as submitted by the Governor in the original budget bill. Includes \$61.5 million from program open space, \$14.7 from the agricultural land preservation program, \$2.0 million from the Racing Redevelopment Fund, and \$102.4 from local highway user revenues.

(3) \$51.4 million in general fund appropriations in the budget bill are contingent on reductions in the Budget Reconciliation and Financing Act of 2003. This includes \$30,565,078 for the Teacher's Salary Challenge program, \$1,225,000 for circuit court rent costs, \$1,350,000 reflecting 25% local contributions for law clerk salaries, \$5,000,000 for increased land records fees to support the Judiciary operating budget, reductions of \$133,000 and \$700,000 for actions on the Medicaid program, \$2,465,446 for local contributions toward the cost of the State Police Crime Lab, \$10,000,000 local aid reduction in Tax Credit Payments, and a \$10,000 reduction in Tax Credit Payments toward the cost real property tax administration.

**Exhibit A-1.19**  
**State Expenditures – General Funds**  
(\$ in Millions)

<u>Category</u>	<u>Actual</u> <u>FY 2002</u>	<u>Work. Appr.</u> <u>FY 2003</u>	<u>Cost</u>		<u>Leg. Appr.</u> <u>FY 2004</u>	<u>\$ Diff.</u> <u>03 to 04</u>	<u>% Diff.</u> <u>03 to 04</u>
			<u>Contain.</u> <u>FY 2003</u>	<u>Revised</u> <u>Work. Appr.</u> <u>FY 2003</u>			
Debt Service	\$204.0	\$183.9	\$0.0	\$183.9	\$0.0	-\$183.9	-100.0%
<b>Aid to Local Governments</b>							
General Government	200.5	228.6	0.0	228.6	220.4	-8.1	-3.6%
Community Colleges	178.6	188.9	-6.3	182.6	184.7	2.0	1.1%
Education/Libraries	2,847.4	3,041.8	0.0	3,041.8	3,368.3	326.6	10.7%
Health	57.3	61.9	0.0	61.9	61.9	0.0	0.0%
Unallocated Reduction	0.0	0.0	0.0	0.0	-10.0	-10.0	n.a.
	3,283.9	3,521.2	-6.3	3,514.9	3,825.3	310.5	8.8%
<b>Entitlements</b>							
Foster Care Payments	117.7	143.8	0.0	143.8	136.3	-7.5	-5.2%
Assistance Payments	65.2	62.7	0.0	62.7	83.2	20.5	32.8%
Medical Assistance	1,543.1	1,600.4	-37.4	1,563.0	1,706.1	143.0	9.2%
Property Tax Credits	52.0	55.5	-7.2	48.3	49.0	0.7	1.4%
	1,778.1	1,862.4	-44.6	1,817.7	1,974.5	156.8	8.6%
<b>State Agencies</b>							
Health	1,093.1	1,206.7	-12.4	1,194.3	1,216.7	22.3	1.9%
Human Resources	299.8	298.6	-7.8	290.8	304.8	14.0	4.8%
Systems Reform Initiative	40.1	40.1	-2.0	38.1	34.3	-3.9	-10.1%
Juvenile Justice	161.3	168.4	-8.5	160.0	167.2	7.2	4.5%
Public Safety/Police	921.0	956.3	-10.3	946.0	940.4	-5.5	-0.6%
Higher Education	961.3	967.3	-71.6	895.7	892.6	-3.1	-0.3%
Other Education	276.0	282.3	-11.3	271.0	269.8	-1.2	-0.4%
Agric./Nat'l Res./Environment	147.3	150.2	-3.0	147.3	144.5	-2.7	-1.9%
Other Executive Agencies	548.8	506.2	-21.2	485.1	485.7	0.6	0.1%
Judicial/Legislative	314.8	329.4	0.0	329.4	336.2	6.7	2.0%
Across-the-board Reductions	0.0	0.0	-20.0	-20.0	-43.9	-23.9	119.9%
	4,763.5	4,905.6	-167.8	4,737.8	4,748.3	10.6	0.2%
<b>Subtotal</b>	<b>\$10,029.5</b>	<b>\$10,254.3</b>	<b>-\$218.8</b>	<b>\$10,254.3</b>	<b>\$10,548.2</b>	<b>\$293.9</b>	<b>2.9%</b>
Capital	321.1	49.6	-2.1	47.5	9.4	-38.1	-80.2%
Reserve Fund	221.8	181.0	0.0	181.0	0.0	-181.0	-100.0%
<b>Appropriations</b>	<b>\$10,572.3</b>	<b>\$10,482.8</b>	<b>-\$220.8</b>	<b>\$10,482.8</b>	<b>\$10,557.6</b>	<b>\$74.8</b>	<b>0.7%</b>
Reversions	0.0	-30.0	-19.3	-49.3	-35.0	14.3	-28.9%
<b>Grand Total</b>	<b>\$10,572.3</b>	<b>\$10,433.5</b>	<b>-\$240.1</b>	<b>\$10,433.5</b>	<b>\$10,522.6</b>	<b>\$89.0</b>	<b>0.9%</b>

Note: The fiscal 2003 revised working appropriation reflects \$220.8 million in cost containment approved by the Board of Public Works, deficiency appropriations of \$87.1 million, and \$0.7 million in reductions to the deficiency appropriations. It also includes \$5.0 million in withdrawn appropriations in the Budget Reconciliation and Financing Act (HB 935). The reversions in fiscal 2003 include \$4.7 million from the legislature and judiciary.

**Exhibit A-1.19 (Continued)**  
**State Expenditures – Special and Higher Education Funds \***  
**(\$ in Millions)**

<u>Category</u>	<u>Actual</u> <u>FY 2002</u>	<u>Work. Appr.</u> <u>FY 2003</u>	<u>Cost</u> <u>Contain.</u> <u>FY 2003</u>	<u>Revised</u> <u>Work. Appr.</u> <u>FY 2003</u>	<u>Leg. Appr.</u> <u>FY 2004</u>	<u>\$ Diff.</u> <u>03 to 04</u>	<u>% Diff.</u> <u>03 to 04</u>
Debt Service	\$522.0	\$766.4	\$0.0	\$766.4	\$678.0	-\$88.5	-11.5%
<b>Aid to Local Governments</b>							
General Government	511.1	477.3	0.0	477.3	390.3	-87.0	-18.2%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
Education/Libraries	78.4	124.3	0.0	124.3	0.3	-124.0	-99.8%
Health	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
	589.5	601.6	0.0	601.6	390.6	-211.0	-35.1%
<b>Entitlements</b>							
Foster Care Payments	0.2	0.2	0.0	0.2	0.2	0.0	0.0%
Assistance Payments	20.6	17.4	0.0	17.4	16.3	-1.2	-6.7%
Medical Assistance	13.0	120.4	0.0	120.4	119.7	-0.8	-0.6%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	5.0%
	33.8	138.1	0.0	138.1	136.2	-1.9	-1.4%
<b>State Agencies</b>							
Health	205.7	213.0	0.0	213.0	164.1	-48.9	-22.9%
Human Resources	67.9	56.8	0.0	56.8	66.1	9.3	16.4%
Systems Reform Initiative	0.0	1.8	0.0	1.8	2.5	0.8	43.2%
Juvenile Justice	0.1	0.3	0.0	0.3	0.2	0.0	-3.5%
Public Safety/Police	142.1	149.8	0.0	149.8	149.2	-0.5	-0.4%
Higher Education	2,097.9	2,279.0	0.0	2,279.0	2,467.2	188.3	8.3%
Other Education	36.1	44.6	0.0	44.6	32.8	-11.8	-26.5%
Transportation	998.2	1,057.1	-0.2	1,056.9	1,067.8	10.9	1.0%
Agric./Natl							
Res./Environment	94.8	105.8	0.0	105.8	100.6	-5.1	-4.9%
Other Executive Agencies	236.8	261.0	-0.1	260.9	264.0	3.0	1.2%
Judicial/Legislative	12.8	13.7	0.0	13.7	20.7	7.0	51.1%
Across-the-board							
Reductions	0.0	0.0	0.0	0.0	-9.6	-9.6	n.a.
	3,892.6	4,182.9	-0.4	4,182.5	4,325.8	143.3	3.4%
<b>Subtotal</b>	<b>\$5,037.9</b>	<b>\$5,689.0</b>	<b>-\$0.4</b>	<b>\$5,688.6</b>	<b>\$5,530.5</b>	<b>-\$158.1</b>	<b>-2.8%</b>
Capital	995.1	1,036.2	-0.1	1,036.1	872.7	-163.4	-15.8%
<b>Grand Total</b>	<b>\$6,033.0</b>	<b>\$6,725.2</b>	<b>-\$0.4</b>	<b>\$6,724.7</b>	<b>\$6,403.2</b>	<b>-\$321.5</b>	<b>-4.8%</b>

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

Note: The fiscal 2003 revised working appropriation reflects \$0.4 million in cost containment approved by the Board of Public Works.

**Exhibit A-1.19 (Continued)**  
**State Expenditures – Federal Funds**  
**(\$ in Millions)**

<u>Category</u>	<u>Actual</u> <u>FY 2002</u>	<u>Work. Appr.</u> <u>FY 2003</u>	<u>Cost</u>	<u>Revised</u>	<u>Leg. Appr.</u> <u>FY 2004</u>	<u>\$ Diff.</u> <u>03 to 04</u>	<u>% Diff.</u> <u>03 to 04</u>
			<u>Contain.</u> <u>FY 2003</u>	<u>Work. Appr.</u> <u>FY 2003</u>			
Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	n.a.
<b>Aid to Local Governments</b>							
General Government	22.7	23.4	0.0	23.4	22.4	-0.9	-4.0%
Community Colleges	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
Education/Libraries	556.2	611.9	0.0	611.9	682.6	70.6	11.5%
Health	5.8	4.5	0.0	4.5	4.5	0.0	0.0%
	584.6	639.8	0.0	639.8	709.5	69.7	10.9%
<b>Entitlements</b>							
Foster Care Payments	119.4	95.2	0.0	95.2	111.2	16.0	16.8%
Assistance Payments	288.7	284.5	0.0	284.5	273.2	-11.3	-4.0%
Medical Assistance	1,510.1	1,668.0	0.0	1,668.0	1,854.1	186.2	11.2%
Property Tax Credits	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
	1,918.2	2,047.6	0.0	2,047.6	2,238.5	190.9	9.3%
<b>State Agencies</b>							
Health	513.1	580.1	0.0	580.1	589.5	9.4	1.6%
Human Resources	534.0	581.7	-0.2	581.5	533.8	-47.6	-8.2%
Systems Reform Initiative	24.3	29.3	0.0	29.3	28.5	-0.8	-2.8%
Juvenile Justice	12.9	15.2	0.0	15.2	14.8	-0.5	-3.1%
Public Safety/Police	8.5	9.1	0.0	9.1	8.2	-0.9	-9.9%
Higher Education	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
Other Education	98.1	101.3	-0.1	101.3	115.1	13.8	13.6%
Transportation	60.7	78.5	0.0	78.5	78.7	0.2	0.2%
Agric./Natl							
Res./Environment	47.7	52.9	0.0	52.8	53.9	1.1	2.1%
Other Executive Agencies	341.5	400.8	-0.1	400.7	378.6	-22.1	-5.5%
Judicial/Legislative	1.8	1.9	0.0	1.9	1.9	0.1	3.6%
Across-the-board Reductions	0.0	0.0	0.0	0.0	-3.7	-3.7	n.a.
	1,642.6	1,850.8	-0.4	1,850.5	1,799.4	-51.1	-2.8%
<b>Subtotal</b>	<b>\$4,145.4</b>	<b>\$4,538.2</b>	<b>-\$0.4</b>	<b>\$4,537.9</b>	<b>\$4,747.4</b>	<b>\$209.5</b>	<b>4.6%</b>
Capital	692.3	673.4	0.0	673.3	714.8	41.5	6.2%
<b>Grand Total</b>	<b>\$4,837.7</b>	<b>\$5,211.6</b>	<b>-\$0.4</b>	<b>\$5,211.2</b>	<b>\$5,462.2</b>	<b>\$251.0</b>	<b>4.8%</b>

Note: The fiscal 2003 revised working appropriation reflects \$0.4 million in cost containment approved by the Board of Public Works and deficiency appropriations of \$5 million.

**Exhibit A-1.19 (Continued)**  
**State Expenditures – State Funds**  
(\$ in Millions)

<u>Category</u>	<u>Actual</u> <u>FY 2002</u>	<u>Work. Appr.</u> <u>FY 2003</u>	<u>Cost</u> <u>Contain.</u> <u>FY 2003</u>	<u>Revised</u> <u>Work. Appr.</u> <u>FY 2003</u>	<u>Leg. Appr.</u> <u>FY 2004</u>	<u>\$ Diff.</u> <u>03 to 04</u>	<u>% Diff.</u> <u>03 to 04</u>
Debt Service	\$726.0	\$950.3	\$0.0	\$950.3	\$678.0	-\$272.3	-28.7%
<b>Aid to Local Governments</b>							
General Government	711.6	705.9	0.0	705.9	610.7	-95.1	-13.5%
Community Colleges	178.6	188.9	-6.3	182.6	184.7	2.0	1.1%
Education/Libraries	2,925.8	3,166.0	0.0	3,166.0	3,368.6	202.5	6.4%
Health	57.3	61.9	0.0	61.9	61.9	0.0	0.0%
Unallocated							
Reduction	0.0	0.0	0.0	0.0	-10.0	-10.0	n.a.
	3,873.4	4,122.8	-6.3	4,116.5	4,215.9	99.4	2.4%
<b>Entitlements</b>							
Foster Care Payments	117.9	144.0	0.0	144.0	136.5	-7.5	-5.2%
Assistance Payments	85.8	80.1	0.0	80.1	99.5	19.4	24.2%
Medical Assistance	1,556.1	1,720.9	-37.4	1,683.4	1,825.7	142.3	8.5%
Property Tax Credits	52.1	55.5	-7.2	48.3	49.0	0.7	1.4%
	1,811.9	2,000.5	-44.6	1,955.9	2,110.7	154.8	7.9%
<b>State Agencies</b>							
Health	1,298.8	1,419.7	-12.4	1,407.3	1,380.8	-26.5	-1.9%
Human Resources	367.7	355.4	-7.8	347.6	370.9	23.3	6.7%
Systems Reform Initiative	40.1	41.8	-2.0	39.9	36.8	-3.1	-7.8%
Juvenile Justice	161.4	168.7	-8.5	160.2	167.4	7.2	4.5%
Public Safety/Police	1,063.1	1,106.1	-10.3	1,095.8	1,089.7	-6.1	-0.6%
Higher Education	3,059.2	3,246.2	-71.6	3,174.7	3,359.8	185.2	5.8%
Other Education	312.1	327.0	-11.3	315.6	302.6	-13.0	-4.1%
Transportation	998.2	1,057.1	-0.2	1,056.9	1,067.8	10.9	1.0%
Agric./Natl Res./Environ.	242.1	256.0	-3.0	253.0	245.1	-7.9	-3.1%
Other Exec. Agencies	785.7	767.3	-21.3	746.0	749.6	3.7	0.5%
Judicial/Legislative	327.7	343.1	0.0	343.1	356.9	13.7	4.0%
Across-the-board	0.0	0.0	-20.0	-20.0	-53.4	-33.5	167.9%
	8,656.1	9,088.5	-168.2	8,920.2	9,074.1	153.9	1.7%
<b>Subtotal</b>	<b>\$15,067.3</b>	<b>\$15,942.9</b>	<b>-\$219.2</b>	<b>\$15,942.9</b>	<b>\$16,078.7</b>	<b>\$135.8</b>	<b>0.9%</b>
Capital	1,316.1	1,085.7	-2.1	1,083.6	882.1	-201.5	-18.6%
Reserve Fund	221.8	181.0	0.0	181.0	0.0	-181.0	-100.0%
<b>Appropriations</b>	<b>\$16,605.2</b>	<b>\$17,207.5</b>	<b>-\$221.3</b>	<b>\$17,207.5</b>	<b>\$16,960.8</b>	<b>-\$246.7</b>	<b>-1.4%</b>
Reversions	0.0	-30.0	-19.3	-49.3	-35.0	14.3	-28.9%
<b>Grand Total</b>	<b>\$16,605.2</b>	<b>\$17,158.3</b>	<b>-\$240.5</b>	<b>\$17,158.3</b>	<b>\$16,925.8</b>	<b>-\$232.5</b>	<b>-1.4%</b>

Note: The fiscal 2003 revised working appropriation reflects \$221.3 million in cost containment approved by the Board of Public Works, deficiency appropriations of \$87.1 million, and \$0.7 million in reductions to the deficiency appropriations. It also includes \$5.0 million in withdrawn appropriations in the Budget Reconciliation and Financing Act (HB 935). The reversions in fiscal 2003 include \$4.7 million from the legislature and judiciary.

**Exhibit A-1.19 (Continued)**  
**State Expenditures – All Funds**  
**(\$ in Millions)**

<u>Category</u>	<u>Actual</u> <u>FY 2002</u>	<u>Work. Appr.</u> <u>FY 2003</u>	<u>Cost</u>		<u>Leg. Appr.</u> <u>FY 2004</u>	<u>\$ Diff.</u> <u>03 to 04</u>	<u>% Diff.</u> <u>03 to 04</u>
			<u>Contain.</u> <u>FY 2003</u>	<u>Revised</u> <u>Work. Appr.</u> <u>FY 2003</u>			
Debt Service	\$726.0	\$950.3	\$0.0	\$950.3	\$678.0	-\$272.3	-28.7%
<b>Aid to Local Governments</b>							
General Government	734.3	729.2	0.0	729.2	633.2	-96.1	-13.2%
Community Colleges	178.6	188.9	-6.3	182.6	184.7	2.0	1.1%
Education/Libraries	3,482.0	3,778.0	0.0	3,778.0	4,051.1	273.2	7.2%
Health	63.1	66.4	0.0	66.4	66.4	0.0	0.0%
Unallocated Reduction	0.0	0.0	0.0	0.0	-10.0	-10.0	n.a.
	4,458.0	4,762.6	-6.3	4,756.2	4,925.4	169.1	3.6%
<b>Entitlements</b>							
Foster Care Payments	237.2	239.2	0.0	239.2	247.7	8.5	3.6%
Assistance Payments	374.5	364.6	0.0	364.6	372.7	8.1	2.2%
Medical Assistance	3,066.2	3,388.8	-37.4	3,351.4	3,679.9	328.4	9.8%
Property Tax Credits	52.1	55.5	-7.2	48.3	49.0	0.7	1.4%
	3,730.1	4,048.1	-44.6	4,003.5	4,349.2	345.7	8.6%
<b>State Agencies</b>							
Health	1,811.9	1,999.9	-12.4	1,987.4	1,970.3	-17.1	-0.9%
Human Resources	901.8	937.0	-8.0	929.1	904.8	-24.3	-2.6%
Systems Reform Initiative	64.5	71.2	-2.0	69.2	65.3	-3.9	-5.7%
Juvenile Justice	174.3	183.9	-8.5	175.5	182.2	6.7	3.8%
Public Safety/Police	1,071.6	1,115.1	-10.3	1,104.8	1,097.9	-7.0	-0.6%
Higher Education	3,059.2	3,246.2	-71.6	3,174.7	3,359.8	185.2	5.8%
Other Education	410.2	428.3	-11.4	416.9	417.7	0.8	0.2%
Transportation	1,058.9	1,135.6	-0.2	1,135.5	1,146.5	11.1	1.0%
Agric./Nat'l							
Res./Environment	289.8	308.9	-3.0	305.9	299.1	-6.8	-2.2%
Other Executive Agencies	1,127.1	1,168.1	-21.3	1,146.7	1,128.3	-18.4	-1.6%
Judicial/Legislative	329.5	345.0	0.0	345.0	358.8	13.8	4.0%
Across-the-board	0.0	0.0	-20.0	-20.0	-57.1	-37.2	186.2%
	10,298.7	10,939.3	-168.6	10,770.7	10,873.5	102.8	1.0%
<b>Subtotal</b>	<b>\$19,212.8</b>	<b>\$20,480.7</b>	<b>-\$219.5</b>	<b>\$20,480.7</b>	<b>\$20,826.0</b>	<b>\$345.3</b>	<b>1.7%</b>
Capital	2,008.4	1,759.1	-2.1	1,757.0	1,596.9	-160.0	-9.1%
Reserve Fund	221.8	181.0	0.0	181.0	0.0	-181.0	-100.0%
<b>Appropriations</b>	<b>\$21,443.0</b>	<b>\$22,418.7</b>	<b>-\$221.7</b>	<b>\$22,418.7</b>	<b>\$22,423.0</b>	<b>\$4.3</b>	<b>0.0%</b>
Reversions	0.0	-30.0	-19.3	-49.3	-35.0	14.3	-28.9%
<b>Grand Total</b>	<b>\$21,443.0</b>	<b>\$22,369.5</b>	<b>-\$240.9</b>	<b>\$22,369.5</b>	<b>\$22,388.0</b>	<b>\$18.5</b>	<b>0.1%</b>

Note: The fiscal 2003 revised working appropriation reflects \$221.7 million in cost containment approved by the Board of Public Works, deficiency appropriations of \$92.1 million and \$0.7 million in reductions to the deficiency appropriations. It also includes \$5.0 million in withdrawn appropriations in the Budget Reconciliation and Financing Act (HB 935). The reversions in fiscal 2003 include \$4.7 million from the legislature and judiciary.

## Capital Budget

### Summary

The 2003 General Assembly passed a capital budget totaling \$2.4 billion including \$1.4 billion for the transportation program. Of the total amount, \$740 million is funded with general obligation bonds; about \$1.3 billion is funded on a pay-as-you-go (PAYGO) basis in the operating budget; and \$406 million is funded with revenue bonds, including higher education academic bonds (\$33 million) and transportation bonds (\$370 million). **Exhibit A2.1** presents an overview of the State's capital program for fiscal 2004. **Exhibit A2.2** shows the sources and uses of the funds for the nontransportation capital program.

General obligation debt totaling \$742.5 million is authorized in the Maryland Consolidated Capital Bond Loan of 2003 **House Bill 140 (passed)**. Another \$5 million is authorized in the Southern Maryland Regional Strategy-Action Plan for Agriculture Loan of 2003. This is offset by deauthorization of \$7.5 million in previously authorized debt resulting in a net increase of \$740 million. The general obligation bond amount includes \$58.6 million to replace previously authorized general fund PAYGO. General obligation funding for new projects equals \$683.9 million. In addition, **Senate Bill 7 (passed)** authorizes \$9 million in debt for the Aging School program under the federal Qualified Zone Academy Bond program.

The Maryland Consolidated Capital Bond Loan includes funding for:

- State facilities including colleges and universities, hospitals, office buildings, and correctional facilities;
- grants to local governments for school construction and facilities at community colleges;
- health and social services facilities such as senior citizen and adult day care centers, juvenile service facilities, and community health, disabilities, and addictions facilities;
- environmental programs such as the Chesapeake Bay Water Quality, asbestos abatement, GreenPrint and Rural Legacy programs;
- housing and community development such as the Partnership Rental Housing and Community Legacy programs; and
- local projects.

In addition to being used to fund the same types of projects funded with general obligation debt, PAYGO funds are used for economic development, housing, and environmental programs for which tax-exempt debt cannot be issued under federal tax guidelines. Also, **House Bill 968 (passed)** authorizes \$33.1 million in debt for academic facilities at the University System of Maryland. **Exhibit A2.3** lists capital projects by fund source.

## Exhibit A-2.1

**Summary of the Capital Program as Passed for the 2003 Session**  
(\$ in Millions)

<u>Function</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total</u>
	<u>General</u>	<u>Agency</u>	<u>Recycled</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
<b>State Facilities</b>							<b>\$33.7</b>
Facilities Renewal	\$11.0	\$0.0	\$0.0	\$0.0	\$0.3	\$0.0	
Other	19.4	3.0	0.0	0.0	0.0	0.0	
<b>Health/Social</b>							<b>\$18.3</b>
State Facilities	0.9	0.0	0.0	0.0	0.0	0.0	
Private Hospitals	5.0	0.0	0.0	0.0	0.0	0.0	
Other	12.4	0.0	0.0	0.0	0.0	0.0	
<b>Environment</b>							<b>\$218.1</b>
Natural Resources	48.1	0.0	0.0	0.0	12.4	2.1	
Agriculture	30.8	0.0	0.0	0.0	14.0	3.5	
Environment	28.7	0.0	0.0	0.0	35.2	37.6	
MD. Envir. Services	3.6	0.0	0.0	0.0	0.0	0.0	
Energy	0.0	0.0	0.0	0.0	2.0	0.0	
<b>Public Safety</b>							<b>\$120.6</b>
State Corrections	75.0	0.0	0.0	0.0	0.0	2.1	
Local Jails	11.5	0.0	0.0	0.0	0.0	0.0	
Other	31.9	0.0	0.0	0.0	0.0	0.0	
<b>Education</b>							<b>\$108.0</b>
School Construction	104.1	0.0	0.0	0.0	2.4	0.0	
Other	1.5	0.0	0.0	0.0	0.0	0.0	
<b>Higher Education</b>							<b>\$310.1</b>
University System	143.6	33.1	0.0	0.0	0.0	0.0	
Morgan State Univ.	59.8	0.0	0.0	0.0	0.0	0.0	
St. Mary's College	5.6	0.0	0.0	0.0	0.0	0.0	
Community Colleges	43.8	0.0	0.0	0.0	0.0	0.0	
Private Colleges/Univ.	14.2	0.0	0.0	0.0	0.0	0.0	
Other	10.0	0.0	0.0	0.0	0.0	0.0	
<b>Housing/Community Development</b>							<b>\$69.2</b>
Housing	34.1	0.0	0.0	0.7	18.6	14.9	
Other	0.9	0.0	0.0	0.0	0.0	0.0	
<b>Economic Development</b>							<b>\$61.2</b>
Economic Devel.	8.5	0.0	0.0	8.7	44.0	0.0	

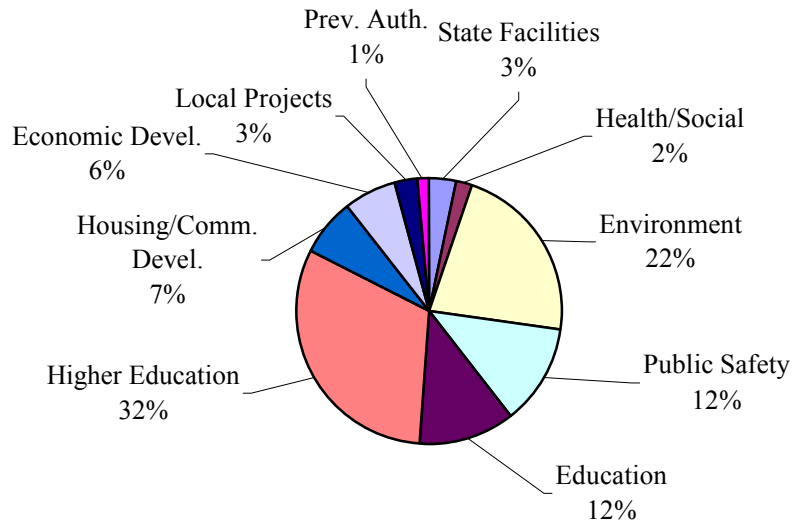
<u>Function</u>	<u>Bonds</u>			<u>Current Funds (PAYGO)</u>			<u>Total</u>
	<u>General</u> <u>Obligation</u>	<u>Agency</u>	<u>Recycled</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	
<b>Local Projects</b>							<b>\$42.9</b>
Administration	42.9	0.0	0.0	0.0	0.0	0.0	
Legislative	0.0	0.0	0.0	0.0	0.0	0.0	
<b>Transportation</b>							<b>\$1,430.0</b>
Transportation	0.0	370.0	0.0	0.0	395.0	665.0	
<b>Deauthorizations</b>							<b>-\$7.5</b>
Deauthorization	-7.5	0.0	0.0	0.0	0.0	0.0	
<b>Total Fiscal 2004</b>	<b>\$739.8</b>	<b>\$406.1</b>	<b>\$0.0</b>	<b>\$9.4</b>	<b>\$523.9</b>	<b>\$725.2</b>	<b>\$2,404.6</b>

Note: Numbers may not sum to total due to rounding.

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**Exhibit A-2.2**  
**Nontransportation Capital**  
**\$984 Million**

**Uses**



**Sources**

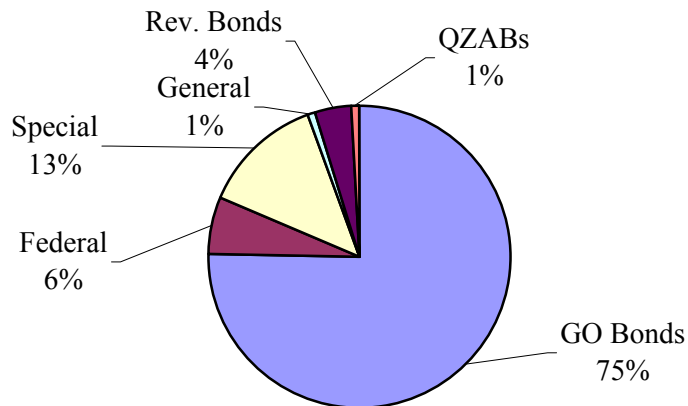


Exhibit A-2.3

Capital Program As Passed – 2003 Session

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Agency	Recycled	General	Special	Federal	
<b>State Facilities</b>								
DA02.01	OID: Accessibility Modifications	\$1,600,000	\$0	\$0	\$0	\$0	\$0	\$1,600,000
DA03A	MSA: Camden Station Renovation	0	3,000,000	0	0	0	0	3,000,000
DE02.01A	Legislative Facilities	1,772,000	0	0	0	0	0	1,772,000
DE02.01B	Bloomsbury Square	700,000	0	0	0	0	0	700,000
DE02.01C	2100 Guilford Avenue	1,009,000	0	0	0	0	0	1,009,000
DE02.01D	DGS: Capital Facilities Renewal	10,000,000	0	0	0	300,000	0	10,300,000
DE02.01E	High Speed Data Network	5,000,000	0	0	0	0	0	5,000,000
DE02.01F	Public Safety Comm. System	2,500,000	0	0	0	0	0	2,500,000
DE02.01G	DGS: Asbestos Abatement	2,000,000	0	0	0	0	0	2,000,000
DE02.01H	DGS: CFC Mitigation	1,000,000	0	0	0	0	0	1,000,000
DE02.01I	Construction Contingency	1,000,000	0	0	0	0	0	1,000,000
DE02.01J	Underground Heating Tanks	1,000,000	0	0	0	0	0	1,000,000
DE02.01K	Centreville District Court	145,000	0	0	0	0	0	145,000
DE02.01L	Rockville District Court	<u>2,700,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,700,000</u>
	<b>Subtotal</b>	<b>\$30,426,000</b>	<b>\$3,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$0</b>	<b>\$33,726,000</b>
<b>Health/Social</b>								
DA07A	Aging: Senior Activities Centers	1,327,000	0	0	0	0	0	1,327,000
MA01A	DHMH: Comm. Health Facilities	7,974,000	0	0	0	0	0	7,974,000
MA01B	DHMH: Adult Day Care Facilities	2,194,000	0	0	0	0	0	2,194,000
MM02A	DHMH: Rosewood Center Cottages	631,000	0	0	0	0	0	631,000
MM02B	DHMH: Rosewood Electrical System	300,000	0	0	0	0	0	300,000
VA01A	DJJ: Facilities Grants	898,000	0	0	0	0	0	898,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Agency	Recycled	General	Special	Federal	
ZC01A	MHA: Carroll Co. General Hospital	455,000	0	0	0	0	0	455,000
ZC01B	MHA: Doctors Community Hospital	625,000	0	0	0	0	0	625,000
ZC01C	MHA: Good Samaritan Hospital	500,000	0	0	0	0	0	500,000
ZC01D	MHA: Maryland General Hospital	385,000	0	0	0	0	0	385,000
ZC01E	MHA: Mercy Medical Center	700,000	0	0	0	0	0	700,000
ZC01F	MHA: Mt. Washington Pediatric	500,000	0	0	0	0	0	500,000
ZC01G	MHA: Shady Grove Adv. Hospital	700,000	0	0	0	0	0	700,000
ZC01H	MHA: St. Joseph Medical Center	435,000	0	0	0	0	0	435,000
ZC01I	MHA: Washington Adv. Hospital	700,000	0	0	0	0	0	700,000
	<b>Subtotal</b>	<b>\$18,324,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$18,324,000</b>
<b>Environment</b>								
DA13.02	MEA: Community Energy Loans	0	0	0	0	1,000,000	0	1,000,000
DA13.03	MEA: State Agency Loans	0	0	0	0	1,000,000	0	1,000,000
KA05A	DNR: Rural Legacy	5,000,000	0	0	0	0	0	5,000,000
KA05B	DNR: GreenPrint	3,000,000	0	0	0	0	0	3,000,000
KA05C	DNR: Program Open Space	31,092,000	0	0	0	4,414,000	2,000,000	37,506,000
KA05D	DNR: State Capital Improvements	1,040,000	0	0	0	0	0	1,040,000
Ka05E	DNR: Community Parks & Playgr.	5,000,000	0	0	0	0	0	5,000,000
KA05.10	DNR: Critical Maintenance	0	0	0	0	3,524,000	0	3,524,000
KA05.11	DNR: Waterway Improvements	0	0	0	0	3,000,000	100,000	3,100,000
KA05.14	DNR: Shore Erosion	0	0	0	0	500,000	0	500,000
KA09.06	DNR: Ocean City Beach	0	0	0	0	1,000,000	0	1,000,000
KA17A	DNR: Oyster Restoration	3,000,000	0	0	0	0	0	3,000,000
LA11A	MDA: Agricultural Land Preservation	21,160,000	0	0	0	8,975,000	3,500,000	33,635,000
LA12A	MDA: Tobacco Transition	4,000,000	0	0	0	5,040,000	0	9,040,000
LA15A	MDA: Agricultural Cost Share	5,600,000	0	0	0	0	0	5,600,000
UA01A	MDE: Water Quality Revolving Loan	6,234,000	0	0	0	32,596,000	31,170,000	70,000,000
UA01B	MDE: Hazardous Substance Cleanup	550,000	0	0	0	0	0	550,000
UA01C	MDE: Drinking Revolving Loan	1,931,000	0	0	0	2,616,000	6,453,000	11,000,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Agency	Recycled	General	Special	Federal	
UA04A1	MDE: CBWQ Nutrient Removal	11,500,000	0	0	0	0	0	11,500,000
UA04A2	MDE: CBWQ Supplemental Assist.	5,000,000	0	0	0	0	0	5,000,000
UA04A3	MDE: CBWQ Small Creeks	500,000	0	0	0	0	0	500,000
UA04A4	MDE: Stormwater Pollution	500,000	0	0	0	0	0	500,000
UA04B	MDE: Water Supply Assistance	2,500,000	0	0	0	0	0	2,500,000
UB00A	MES: Infrastructure Improvements	<u>3,637,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,637,000</u>
	<b>Subtotal</b>	<b>\$111,244,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$63,665,000</b>	<b>\$43,223,000</b>	<b>\$218,132,000</b>
<b>Public Safety</b>								
QB05A	DPSCS: MCIW Support Building	17,408,000	0	0	0	0	0	17,408,000
QB05B	DPSCS: MCIW Utilities Upgrade	3,373,000	0	0	0	0	0	3,373,000
QB06A	DPSCS: Central Laundry Boiler	1,280,000	0	0	0	0	0	1,280,000
QB07A	DPSCS: ECI 140-Bed Min. Security	3,422,000	0	0	0	0	0	3,422,000
QB08A	DPSCS: NBCI Housing Unit	30,641,000	0	0	0	0	2,100,000	32,741,000
QD00A	DPSCS: Patuxent Safety Improve.	7,427,000	0	0	0	0	0	7,427,000
QD00B	DPSCS: Patuxent Kitchen/Dining	4,000,000	0	0	0	0	0	4,000,000
QG00A	DPSCS: Public Safety Training Center	5,275,000	0	0	0	0	0	5,275,000
QP00A	DPSCS: BCDC Utilities Renovation	1,948,000	0	0	0	0	0	1,948,000
QP00B	DPSCS: BCDC Women's Center	250,000	0	0	0	0	0	250,000
WA01A	DSP: Forensic Science Laboratory	23,500,000	0	0	0	0	0	23,500,000
WA01B	DSP: Easton Barrack	5,300,000	0	0	0	0	0	5,300,000
WA01C	DSP: Hagerstown Barrack	985,000	0	0	0	0	0	985,000
WA01D	DSP: DNA Storage Facility	125,000	0	0	0	0	0	125,000
ZA00W	State Capital Emergency Management	2,000,000	0	0	0	0	0	2,000,000
ZB02A	Jails: Baltimore Co. Detention Center	10,000,000	0	0	0	0	0	10,000,000
ZB02B	Jails: Calvert Co. Detention Center	161,000	0	0	0	0	0	161,000
ZB02C	Jails: Montgomery Co. Det. Center	853,000	0	0	0	0	0	853,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Agency	Recycled	General	Special	Federal	
ZB02D	Jails: Prince George's Co. Cor. Center	451,000	0	0	0	0	0	451,000
ZB02E	Jails: Prince George's Co. Det. Center	<u>72,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>72,000</u>
	<b>Subtotal</b>	<b>\$118,471,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,100,000</b>	<b>\$120,571,000</b>
<b>Education</b>								
DE02.02A	Public School Construction	103,872,000	0	0	0	2,400,000	0	106,272,000
DE02.02B	Relocatable Classrooms	200,000	0	0	0	0	0	200,000
RP00A	MPBC: Digital Network System	800,000	0	0	0	0	0	800,000
RP00B	MPBC: Back-up Power System	<u>700,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>700,000</u>
	<b>Subtotal</b>	<b>\$105,572,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,400,000</b>	<b>\$0</b>	<b>\$107,972,000</b>
<b>Higher Education</b>								
RB21A	UMB: Dental School	42,050,000	5,000,000	0	0	0	0	47,050,000
RB21B	UMB: Howard Hall	4,000,000	0	0	0	0	0	4,000,000
RB22A	UMCP: Engineering Building	4,000,000	0	0	0	0	0	4,000,000
RB22B	UMCP: Biological Science Building	2,935,000	0	0	0	0	0	2,935,000
RB23A	BSU: Center for Business Studies	949,000	0	0	0	0	0	949,000
RB24A	TU: Fine Arts Building	17,177,000	7,100,000	0	0	0	0	24,277,000
RB25A	UMES: Social Science Building	4,729,000	0	0	0	0	0	4,729,000
RB25B	UMES: Physical Plant Building	458,000	0	0	0	0	0	458,000
RB25rb	UMES: Utilities Upgrade	0	6,100,000	0	0	0	0	6,100,000
RB27A	CSC: Telecommunications/IT Upgrade	1,250,000	0	0	0	0	0	1,250,000
RB27B	CSC: Health Services Building	2,050,000	1,700,000	0	0	0	0	3,750,000
RB27C	CSC: Property Acquisition	8,000,000	0	0	0	0	0	8,000,000
RB27rb	CSC: Utilities/Security Improvements	0	285,000	0	0	0	0	285,000
RB28A	UB: 1300 North Charles St.	5,355,000	0	0	0	0	0	5,355,000
RB29A	SU: Teacher Educ. and Tech Center	1,250,000	0	0	0	0	0	1,250,000
RB31A	UMBC: Public Policy Institute	2,204,000	0	0	0	0	0	2,204,000
RB35A	UMBI: Center for Advanced Research	45,990,000	0	0	0	0	0	45,990,000
RB36A	USM: Hagerstown Educ. Center	1,250,000	0	0	0	0	0	1,250,000
RB36rb	USM: Facility Renewal	0	12,900,000	0	0	0	0	12,900,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Agency	Recycled	General	Special	Federal	
RC00A	BCCC: Main Building Liberty	1,192,000	0	0	0	0	0	1,192,000
RD00A	SMC: Somerset Hall	1,150,000	0	0	0	0	0	1,150,000
RD00B	SMC: Student Services Building	1,900,000	0	0	0	0	0	1,900,000
RD00C	SMC: Academic Building/Telecom.	2,500,000	0	0	0	0	0	2,500,000
RI00A	MHEC: Community Colleges	42,606,000	0	0	0	0	0	42,606,000
RM00A	MSU: Library	48,968,000	0	0	0	0	0	48,968,000
RM00B	MSU: Utility Upgrades	7,703,000	0	0	0	0	0	7,703,000
RM00C	MSU: Site Improvements	2,275,000	0	0	0	0	0	2,275,000
RM00D	MSU: Banneker Hall	900,000	0	0	0	0	0	900,000
RQ00A	UMMS: Diagnostic Facilities	10,000,000	0	0	0	0	0	10,000,000
ZA00I	JHU: School of Medicine	5,000,000	0	0	0	0	0	5,000,000
ZA00J	MICUA: Baltimore International	1,000,000	0	0	0	0	0	1,000,000
ZA00K	MICUA: Goucher College	3,000,000	0	0	0	0	0	3,000,000
ZA00L	MICUA: John Hopkins University	2,150,000	0	0	0	0	0	2,150,000
ZA00M	MICUA: McDaniel College	3,000,000	0	0	0	0	0	3,000,000
	<b>Subtotal</b>	<b>\$276,991,000</b>	<b>\$33,085,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$310,076,000</b>
<b>Housing/Community Development</b>								
DB01A	HSMCC: Maryland Dove Site	290,000	0	0	0	0	0	290,000
DB01B	HSMCC: Nuthead Print House	645,000	0	0	0	0	0	645,000
SA23A	DHCD: MHT Capital Grant Fund	1,000,000	0	0	0	0	0	1,000,000
SA23B	DHCD: MHT Capital Loan Program	450,000	0	0	0	250,000	0	700,000
SA23C	DHCD: Jefferson Patterson Park	985,000	0	0	0	0	0	985,000
SA24A	DHCD: Community Legacy	8,693,000	0	0	0	0	0	8,693,000
SA24.02	DHCD: Community Dev. Block	0	0	0	0	0	8,400,000	8,400,000
SA24.02	DHCD: Neighborhood Business	0	0	0	0	2,802,000	0	2,802,000
SA25A	DHCD: Partnership Rental	10,000,000	0	0	0	0	0	10,000,000
SA25B	DHCD: Shelter Housing	1,000,000	0	0	0	0	0	1,000,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Agency	Recycled	General	Special	Federal	
SA25C	DHCD: Rental Housing	6,979,000	0	0	0	5,021,000	5,166,000	17,166,000
SA25D	DHCD: Homeownership	2,247,000	0	0	0	5,253,000	100,000	7,600,000
SA25E	DHCD: Special Loan	2,718,000	0	0	0	5,282,000	1,200,000	9,200,000
SA25.09s	DHCD: Special Loan - Lead Abate	<u>0</u>	<u>0</u>	<u>0</u>	<u>675,000</u>	<u>0</u>	<u>0</u>	<u>675,000</u>
	<b>Subtotal</b>	<b>\$35,007,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$675,000</b>	<b>\$18,608,000</b>	<b>\$14,866,000</b>	<b>\$69,156,000</b>
<b>Economic Development</b>								
DE02.01L	TEDCO: Investment Fund	1,000,000	0	0	2,000,000	0	0	3,000,000
TF00A	DBED: One Maryland	7,500,000	0	0	0	500,000	0	8,000,000
TF009	DBED: Small Businesses (MSBDFA)	0	0	0	2,225,000	16,500,000	0	18,725,000
TF0017	DBED: Enterprise Investment	0	0	0	4,500,000	500,000	0	5,000,000
TF0021	DBED: Econ. Adj. (MEAF)	0	0	0	0	1,000,000	0	1,000,000
TF0023	DBED: Dev Asst. (MEDAF)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,500,000</u>	<u>0</u>	<u>25,500,000</u>
	<b>Subtotal</b>	<b>\$8,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,725,000</b>	<b>\$44,000,000</b>	<b>\$0</b>	<b>\$61,225,000</b>
<b>Local Projects</b>								
ZA00A	Baltimore City Revitalization	9,000,000	0	0	0	0	0	9,000,000
ZA00B	Baltimore Zoo Redevelopment	3,500,000	0	0	0	0	0	3,500,000
ZA00H	Jewish Family Services Building	2,000,000	0	0	0	0	0	2,000,000
ZA00N	African American Museum	1,665,000	0	0	0	0	0	1,665,000
ZA00Q	Maryland Science Center	3,000,000	0	0	0	0	0	3,000,000
ZA00R	National Aquarium in Baltimore	1,500,000	0	0	0	0	0	1,500,000
ZA00S	National Research Inst. for the Blind	1,500,000	0	0	0	0	0	1,500,000
ZA00X	Strathmore Hall	<u>6,400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,400,000</u>
	<b>Subtotal</b>	<b>\$28,565,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$28,565,000</b>
	<u>Previously Authorized</u>							
ZA00C	Chesapeake Village Park	750,000	0	0	0	0	0	750,000
ZA00D	Chesterwood Park	1,000,000	0	0	0	0	0	1,000,000
ZA00E	Doctors Community Hospital	1,000,000	0	0	0	0	0	1,000,000
ZA00F	Foundation School	500,000	0	0	0	0	0	500,000

Budget Code	Project Title	Bonds			Current Funds (PAYGO)			Total Funds
		General Obligation	Agency	Recycled	General	Special	Federal	
ZA00G	Gateway Arts District	350,000	0	0	0	0	0	350,000
ZA00O	Maryland Hall for Creative Arts	500,000	0	0	0	0	0	500,000
ZA00P	Maryland Historical Society	1,000,000	0	0	0	0	0	1,000,000
ZA00T	Parole Plaza Improvements	500,000	0	0	0	0	0	500,000
ZA00U	Phelps Center	570,000	0	0	0	0	0	570,000
ZA00V	Rockville Science, Cultural, Business Center.	700,000	0	0	0	0	0	700,000
ZA00Y	Walters Art Gallery	1,000,000	0	0	0	0	0	1,000,000
	YMCA of Central Maryland	1,500,000	0	0	0	0	0	1,500,000
ZA00Z	Chapter 103 Acts of 2001	<u>5,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000,000</u>
	<b>Subtotal</b>	<b>\$14,370,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,370,000</b>
<b>Transportation</b>								
	Transportation		\$0 \$370,000,000	\$0	\$0 \$395,000,000	\$665,000,000	\$1,430,000,000	
<b>Deauthorizations</b>								
	Deauthorizations	-\$7,470,000	\$0	\$0	\$0	\$0	\$0	-\$7,470,000
	Qualified Zone Academy Bonds	\$9,043,000	\$0	\$0	\$0	\$0	\$0	\$9,043,000
<b>Total New Funding</b>		<b>\$749,043,000</b>	<b>\$406,085,000</b>	<b>\$0</b>	<b>\$9,400,000</b>	<b>\$523,973,000</b>	<b>\$725,189,000</b>	<b>\$2,413,690,000</b>

## PAYGO Replacement Funding

The Budget Reconciliation and Finance Act of 2002 withdrew \$457.2 million in general fund PAYGO appropriations from fiscal 1999 through 2002. Of that amount, \$354.1 million was replaced in fiscal 2003. The fiscal 2004 capital budget includes \$58.6 million in replacement funding for previously authorized PAYGO projects. With the fiscal 2004 funding, the State completes the necessary replacement of the PAYGO funding cancelled from capital projects to balance the fiscal 2003 operating budget. **Exhibit A2.4** lists the replacement funding for the previously authorized PAYGO projects.

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### Exhibit A-2.4 Replacement Funding for Previously Authorized PAYGO State Projects Previously Funded with PAYGO

Project	<u>Year</u>	<u>Amount</u>
Towson University –Fine Arts Building University of Maryland, Baltimore County	2002	\$4,070,000
Public Policy Institute University of Maryland Biotechnology Institute	2002	2,204,000
Center for Advanced Research in Biotechnology Public Safety Communications System	2002	41,942,000
<b>Subtotal State Projects</b>		<b><u>\$49,216,000</u></b>
Chesapeake Village Park (Baltimore)	2002	\$750,000
Chesterwood Park (Baltimore)	2001	1,000,000
Doctors Community Hospital (Prince George's)	2002	1,000,000
Foundation School (Prince George's)	2002	500,000
Gateway Arts District (Prince George's)	2002	350,000
Maryland Hall for the Creative Arts (Anne Arundel)	2002	500,000
Maryland Historical Society (Baltimore City)	2001	1,000,000
Parole Plaza Improvements (Anne Arundel)	2002	500,000
Phelps Center (Prince George's)	2001	570,000
Rockville, Science, Cultural, & Bus. Resource Ctr. (Montgomery)	1999	200,000
Rockville, Science, Cultural, & Bus. Resource Ctr. (Montgomery)	2002	500,000
Walters Art Gallery (Baltimore City)	2001	1,000,000
YMCA of Central Maryland (Howard)	2002	<u>1,500,000</u>
<b>Subtotal Local Projects</b>		<b><u>\$9,370,000</u></b>
<b>Total</b>		<b><u>\$58,586,000</u></b>

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## Debt Affordability

In its September 2002 report, the Capital Debt Affordability Committee (CDAC) recommended a general obligation bond debt authorization limit of \$740 million for fiscal 2004. This recommendation includes a \$15 million increase in the limit over the previous year, \$5 million for the Tobacco Transition program, and \$200 million to temporarily recognize the effect of the national recession (declining revenue base) and the fiscal 2003 legislative action. In making its recommendation, CDAC also considered narrative adopted by the budget committees that expressed support of an additional \$200 million for fiscal 2004 in order to complete the replacement funding of reverted PAYGO projects and to fund projects deferred from fiscal 2003.

The Governor's capital budget as introduced was \$745 million in net new general obligation debt. The budget as passed by the General Assembly includes \$740 million in net new general obligation debt, consistent with the recommendation of CDAC and the Spending Affordability Committees. This budget contains general obligation bond funding for a number of capital programs that are typically funded with PAYGO including programs administered by the Departments of Housing and Community Development, Environment, Natural Resources, and Business and Economic Development.

## Debt Management

The State Treasurer's Office submitted a legislative package sponsored by the Joint Committee on the Management of Public Funds to improve the management and control of capital debt and capital appropriations. Specifically, *Senate Bill 126 (passed)* alters the accounting method for general obligation bond proceeds from a project accounting basis to cash flow accounting and authorizes the Comptroller to restate prior expenditures of bond proceeds in order to lower the State's current federal tax liability. Moreover, it also allows bond sale premiums to be used for the costs of other capital projects, rather than for debt service, if approved by the Board of Public Works. The change in the accounting method which includes the establishment of the State and Local Facilities Loan Funds broadens the use of bond proceeds to allow for the expenditure of proceeds for any authorized project. As a result, the State's management of proceeds is improved by avoiding the occurrence of high bond cash balances that contribute to arbitrage.

*House Bill 444 (passed)* places a seven-year limitation on the authority to spend funds for capital projects, with certain exceptions and requires the State Treasurer to report on January 1 a list all capital projects or programs that would be terminated in the upcoming year. It also provides for the disposition of terminated State debt authorization and unspent loan proceeds. As a result of the new prescribed limit, the management of debt both issued and unissued will be improved thereby enhancing the State's overall debt capacity.

Also in the package and approved by the General Assembly is *Senate Bill 319 (passed)* that authorizes the State Treasurer, where applicable, to sell certain bonds at a private, negotiated sale and allows for the issuance of variable interest rates or interest rate exchange agreements. Specifically, the Treasurer is allowed to finance under a variable rate agreement, with approval from the Board of Public Works, up to 15 percent of the State's outstanding general obligation indebtedness. Similarly, the county governments and Baltimore City are provided the authority to enter into certain interest rate exchange agreements under certain circumstances.

### **Fiscal 2005 Capital Bond Authorizations**

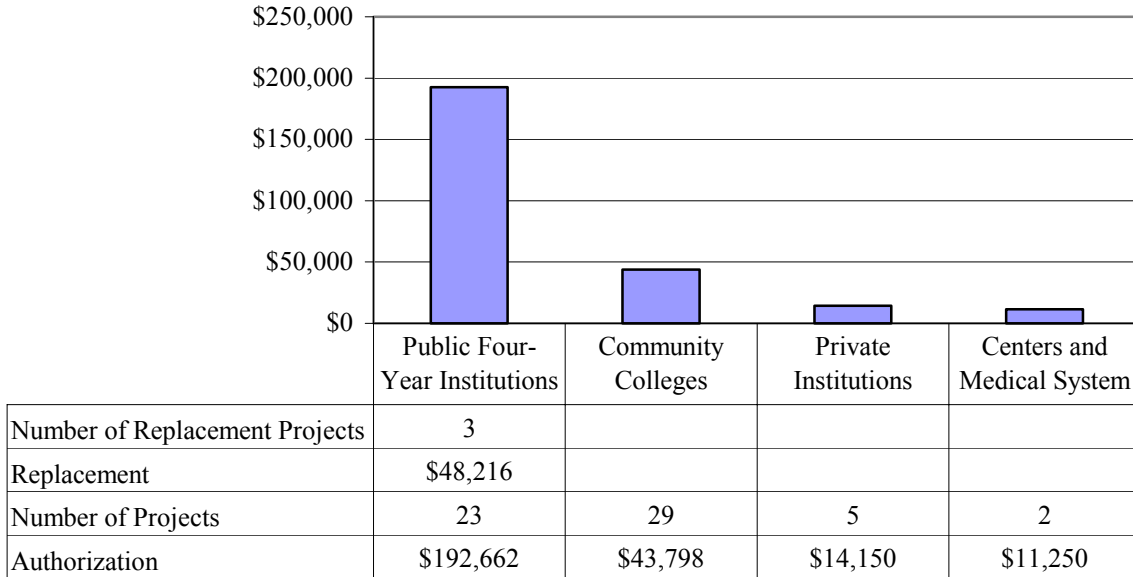
The projected fiscal 2005 debt limit for general obligation bonds is \$555 million. *House Bill 140 (passed)* includes two general obligation bond authorizations not effective until fiscal 2005. The first authorizes \$12.7 million for local projects, known as Community Based Regional Initiatives (CBRIs). The CBRIs were initially funded by the House of Delegates in fiscal 2003 and were re-introduced in the 2003 session.

The second authorization of \$17.7 million for fiscal 2005 also involves local projects to be known as Legislative Community Initiatives. The Senate will choose \$12.7 million of the local projects with the remaining \$5 million to be mutually agreed upon by both houses.

### **Higher Education**

The fiscal 2004 capital program for all segments of higher education is \$310.1 million, including general obligation bonds and academic revenue bonds. The capital program includes \$48.2 million for projects for which previously authorized general fund PAYGO support has been reverted. (These projects include construction of the second building for the Center for Advanced Research in Biotechnology at the University of Maryland Biotechnology Institute, equipment for the Public Policy Institute at the University of Maryland Baltimore County, and partial funding for the Tawes Fine Arts building at Towson University.) **Exhibit A2.5** shows fiscal 2004 capital funding by higher education segment for the new projects authorized this session.

**Exhibit A-2.5  
Higher Education  
Fiscal 2004 Legislative Appropriations by Segment  
(\$ in Thousands)**



The *Capital Improvement Plan (CIP)*, after legislative changes to fiscal 2004, shows \$1.274 billion in capital spending for higher education projects over the fiscal 2004 through 2007 period. **Exhibit A2.6** shows the fiscal 2004 legislative appropriation for higher education capital and the funding anticipated in the CIP for fiscal 2005 through 2008. **Exhibit A2.7** shows the fiscal 2004 allocation of capital funding by institution.

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**Exhibit A-2.6**  
**Higher Education**  
**Fiscal 2004 Legislative Appropriation and Out-year Capital Funding**  
**(\$ in Thousands)**

<b><u>Source</u></b>	<b><u>FY 2004*</u></b>	<b><u>FY 2005</u></b>	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>	<b><u>FY 2008</u></b>
General Obligation Bonds	\$276,991	\$218,150	\$165,450	\$218,050	\$200,300
Academic Revenue Bonds	\$33,085	\$57,100	\$31,400	\$48,515	\$25,000
<b>Total</b>	<b>\$310,076</b>	<b>\$275,250</b>	<b>\$196,850</b>	<b>\$266,565</b>	<b>\$225,300</b>

\* Includes PAYGO replacement funding of \$48.2 million.

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**Exhibit A-2.7**  
**Higher Education**  
**Fiscal 2004 Allocation of Capital Funding by Institution**  
**(\$ in Thousands)**

<b><u>Institution</u></b>	<b><u>FY 2004</u></b> <b><u>Capital Funding</u></b>
University of Maryland, Baltimore	\$51,050
University of Maryland, College Park	6,935
Bowie State University	949
Towson University	24,277
University of Maryland, Eastern Shore	11,287
Coppin State College	13,285
University of Baltimore	5,355
Salisbury University	1,250
University of Maryland, Baltimore County	2,204
University of Maryland Biotechnology Institute	45,990
University System of Maryland	12,900
USM Hagerstown Higher Education Center	1,250
St. Mary's College of Maryland	5,550
Morgan State University	59,846
University of Maryland Medical System	10,000

<u>Institution</u>	<u>FY 2004 Capital Funding</u>
Community Colleges	43,798
Independent Colleges	9,150
Johns Hopkins University	5,000
<b>Total</b>	<b>\$310,076</b>

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### Public School Construction

The fiscal 2004 capital budget includes \$106.5 million in fiscal 2004 for public school construction. The Board of Public Works allocated \$60.2 million of the \$106.5 million in January 2003 and another \$10.3 million in March 2003. The remaining \$36.0 million will be allocated by the board in April 2003. **Exhibit A2.8** shows the current allocations for each jurisdiction. Additionally, the General Assembly authorized in *Senate Bill 7 (passed)* \$9 million for the federal Qualified Zone Academy Bond program (QZABs).

The new funding consists of \$104.1 million in general obligation bonds and \$2.4 million in special fund PAYGO for new construction projects, systemic renovation projects, renovated high school science facilities, and relocatable classroom repair, upgrade and moving costs.

The \$2.4 million in special fund PAYGO is from the Maryland Stadium Authority (MSA). Section 13-715.2 of the Financial Institutions Article requires the MSA to annually contribute \$2.4 million for public school construction between fiscal 2001 and 2010.

The fiscal 2003 operating budget contains \$10.4 million in general funds for improvements and repairs to existing school buildings under the Aging School Program. The operating budget also contains \$4.7 million in general funds for a lease repayment on funds borrowed to wire all schools for technology under the Technology in Maryland Schools Program.

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**Exhibit A-2.8**  
**Public School Construction Allocations**

LEA	<u>FY 2004 Allocation</u>
Allegany	\$240,000
Anne Arundel	5,036,000
Baltimore City	7,251,000
Baltimore County	6,639,000
Calvert	4,000,000
Caroline	865,000
Carroll	3,538,000
Cecil	3,623,000
Charles	3,797,000
Dorchester	177,000
Frederick	5,380,000
Garrett	729,000
Harford	3,869,000
Howard	4,383,000
Kent	225,000
Montgomery	6,037,000
Prince George's	6,663,000
Queen Anne's	1,381,000
St. Mary's	3,381,000
Somerset	163,000
Talbot	0
Washington	2,003,000
Wicomico	579,000
Worcester	376,000
Relocatable Classrooms	200,000
<b>Subtotal</b>	<b>\$70,535,000</b>
To Be Allocated – April 2003	35,937,000
<b>Total</b>	<b>\$106,472,000</b>

Source: Department of Legislative Services and the *Fiscal 2004 Public School Construction Capital Improvement Program*, as amended on March 5, 2003.

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## Transfer Tax

In light of the fiscal condition of the State, nearly all fiscal 2004 transfer tax revenue (\$102,833,869) will be transferred to the general fund, and 50 percent of the estimated fiscal 2005 revenue will be transferred next year. In addition, \$38,656,033 in transfer tax revenue generated in fiscal 2002 and 2003 over the estimated collection amount will be transferred to the general fund in fiscal 2003. The programs funded by the transfer tax that will be impacted by these transfers include the following: Program Open Space, Maryland Agricultural Land Preservation Foundation, Rural Legacy and the Heritage Conservation Fund. To partially offset this diversion of special funds, the fiscal 2004 general obligation bond program includes funding for many of these programs. **Exhibit A2.9** shows how the programs traditionally supported with transfer tax revenue are funded in fiscal 2004.

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### Exhibit A-2.9 Programs Traditionally Funded with Transfer Tax Revenue

	<u>Transfer Tax</u> <u>Special</u>	<u>Other</u> <u>Special</u>	<u>Federal</u>	<u>GO</u> <u>Bonds</u>	<u>Total</u>
<b>Department of Natural Resources</b>					
Program Open Space					
State	\$2,500,000	\$0	\$1,000,000	\$12,734,000	\$16,234,000
Local	1,913,888	0	1,000,000	17,180,000	20,093,888
Critical Maintenance/Improvements	3,524,000	0	0	1,040,000	4,564,000
Rural Legacy	0	0	0	5,000,000	5,000,000
Heritage Conservation Fund	0	0	0	1,178,000	1,178,000
<b>Dept. of Housing/Community Development</b>					
Heritage Areas Authority	1,000,000	0	0	0	1,000,000
<b>Department of Agriculture</b>					
Agricultural Land Preservation	0	8,975,000	3,500,000	21,160,000	33,635,000
<b>Total</b>	<b>\$8,937,888</b>	<b>\$8,975,000</b>	<b>\$5,500,000</b>	<b>\$58,292,000</b>	<b>\$81,704,888</b>

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## Aid to Local Government

### Overview of State Aid to Local Government

#### Reliance on State Aid

State aid to local governments accounts for approximately 25 percent of State expenditures. This funding includes direct aid to county and municipal governments, local school systems, libraries, community colleges, and local health departments; and retirement payments made on behalf of local school systems, libraries, and community colleges.

State aid is the largest revenue source for county governments, representing 27 percent of total county revenue. The dependence on State aid varies across the State, with less affluent jurisdictions relying on State aid as their primary revenue source. State aid accounts for 15 percent of total revenues in Montgomery County to over 50 percent in Caroline and Somerset counties. State aid is the third largest revenue source for municipal governments, representing 9.5 percent of total municipal revenue. As with counties, the dependence on State aid varies for municipalities. State aid accounts for 3 percent of total revenues for municipalities in Talbot County to almost 34 percent for municipalities in Somerset County.

#### State Aid Increase in Fiscal 2004

State aid to local governments will total \$4.2 billion in fiscal 2004, representing a \$120.7 million or 2.9 percent increase over the prior fiscal year. Direct aid to public schools and local libraries will increase by \$178.2 million, while funding for county and municipal governments will decrease by \$88.2 million. Direct aid to local health departments is held constant, while direct aid to community colleges decreases slightly. Retirement payments will increase by \$30.8 million or 8.1 percent.

Over 78 percent of State aid goes to support public schools. Public schools will receive \$3.3 billion in fiscal 2004, representing a \$206 million or 6.6 percent increase over the prior fiscal year. County and municipal governments receive approximately 15 percent of State aid, with most of the funding targeted to transportation, public safety, and parkland acquisition and development. Due to the transfer of revenue from the Transportation Trust Fund, the narrowing of the disparity in income tax receipts among Maryland counties, and State budget reductions, county and municipal governments will experience a significant decrease in State aid in fiscal 2004. State aid to these entities will decline by \$88 million or 12.5 percent. Community colleges, local health departments, and local libraries account for the remaining 7 percent of State aid. **Exhibit A-3.1** shows the increase in State aid for fiscal 2004 by governmental entity.

**Exhibit A-3.1**  
**State Aid to Local Governments in Fiscal 2004**  
(\$ in Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$</u> <u>Difference</u>	<u>%</u> <u>Difference</u>
Public Schools	\$3,113.7	\$3,319.3	\$205.7	6.6%
Libraries	47.4	49.2	1.8	3.9%
Community Colleges	183.4	184.7	1.2	0.7%
Local Health	61.9	61.9	0.0	0.0%
County/Municipal	705.9	617.9	-88.0	-12.5%
<b><u>Total</u></b>	<b>\$4,112.3</b>	<b>\$4,233.1</b>	<b>\$120.7</b>	<b>2.9%</b>

### Reductions to State Aid

During the 2003 legislative session, actions were taken to reduce State aid to local governments in both fiscal 2003 and 2004. These aid reductions are included in the numbers shown in Exhibit A-3.1.

#### Mid-year State Aid Reductions for Fiscal 2003

Local governments will realize a \$24.3 million mid-year reduction to State aid for fiscal 2003, with community college funding decreasing by \$6.3 million and local highway user revenues decreasing by \$17.9 million. **Exhibit A-3.2** shows the State aid reductions for fiscal 2003. Community colleges funded under the Senator John A. Cade Funding Formula incurred a 4.0 percent reduction to their fiscal 2003 working appropriation pursuant to February 19, 2003, actions of the Board of Public Works. The reduction comes entirely out of the funding the community colleges receive under the Cade formula. In addition, local highway user revenues will decrease by \$17.9 million. Under current law, local highway user revenues are adjusted upward when actual revenue attainment exceeds the estimate used in the State budget. However, the Budget Reconciliation and Financing Act of 2003 (*House Bill 935*) transferred the additional revenues (\$17.9 million) to the State's general fund instead of allocating it to the local governments. Accordingly, local highway user revenues will not increase by the additional revenue attainment, resulting in a \$17.9 million decrease in local highway user revenues for fiscal 2003.

#### State Aid Reductions for Fiscal 2004

The fiscal 2004 State budget as introduced by the Governor included \$129.9 million in funding reductions to State aid programs. Most of the reductions were targeted to county and municipal governments through local highway user revenues, program open space, and property

assessment charges. These reductions were contingent on passage of legislation implementing the reductions. Reductions to community college aid (\$9.7 million) were contingent on Board of Public Works reductions to fiscal 2003 support of public colleges and universities. By statute the amount of funding distributed through the community college formula is based on State per-student support for the colleges and universities in the prior year. To help alleviate the impact of the aid reductions on local governments, the State budget included \$14.2 million in discretionary grants under the disparity grant program.

In addition to the reductions proposed by the Governor, the General Assembly reduced funding to local governments by an additional \$46.4 million. Programs affected included the teacher salary challenge grants, police aid, disparity grants, program open space, vehicle theft prevention, school performance recognition awards, student service alliance grants, and school wiring. **Exhibit A-3.3** shows the aid reductions reflected in the fiscal 2004 budget passed by the General Assembly. The amounts include reductions proposed by the Governor which were implemented through the Budget Reconciliation and Financing Act (*House Bill 935*) and the additional reduction made by the General Assembly. The amounts also include the \$9.7 million community college reduction, which was implemented when the Board of Public Works acted to reduce the fiscal 2003 public higher education funding on February 19, 2003.

**Exhibit A-3.2**  
**State Aid Reductions for Fiscal 2003**

<u>County</u>	<u>Community College Aid</u>	<u>Highway User Revenues</u>	<u>Total Reductions</u>
Allegany	-\$150,813	-\$231,139	-\$381,952
Anne Arundel	-855,801	-953,845	-1,809,646
Baltimore City	0	-8,155,818	-8,155,818
Baltimore	-1,338,786	-1,312,353	-2,651,139
Calvert	-41,156	-187,070	-228,226
Caroline	-37,390	-152,472	-189,861
Carroll	-187,734	-420,889	-608,622
Cecil	-123,472	-237,065	-360,537
Charles	-214,129	-289,862	-503,990
Dorchester	-33,793	-173,874	-207,667
Frederick	-227,724	-550,165	-777,888
Garrett	-73,570	-196,800	-270,370
Harford	-303,011	-485,017	-788,028
Howard	-338,895	-479,905	-818,800
Kent	-16,899	-87,811	-104,710
Montgomery	-1,108,545	-1,366,386	-2,474,931
Prince George's	-746,387	-1,183,019	-1,929,406
Queen Anne's	-44,499	-172,063	-216,562
St. Mary's	-60,071	-223,372	-283,443
Somerset	-20,856	-104,326	-125,182
Talbot	-42,106	-138,937	-181,043
Washington	-186,082	-359,959	-546,041
Wicomico	-113,082	-278,701	-391,783
Worcester	-54,249	-208,561	-262,810
<b>Total</b>	<b>-\$6,319,048</b>	<b>-\$17,949,407</b>	<b>-\$24,268,455</b>

**Exhibit A-3.3**  
**State Aid Reductions for Fiscal 2004**

<u>County</u>	<u>Police Aid</u>							<u>Total</u>	
	<u>Highway</u>	<u>Program</u>	<u>Property</u>	<u>Teachers</u>	<u>Community</u>	<u>Reductions for</u>	<u>Discretionary</u>		<u>Other</u>
	<u>User Revenues</u>	<u>Open Space</u>	<u>Tax Credits</u>	<u>Salary Challenge</u>	<u>College Aid</u>	<u>Crime Lab Costs</u>	<u>Disparity Grant</u>	<u>Programs</u>	<u>Reductions</u>
Allegany	-\$2,064,536	-\$160,523	-\$282,715	-\$441,044	-\$231,183	-\$20,026	-\$141,355	\$0	-\$3,341,382
Anne Arundel	-8,519,748	-1,578,708	-768,869	-2,276,368	-1,677,542	-243,132	-1,600,000	0	-16,664,367
Baltimore City	-14,963,702	-614,349	-765,674	-4,014,839	0	-295,714	-1,416,015	-125,000	-22,195,293
Baltimore	-11,721,950	-1,764,495	-1,230,286	-3,592,405	-1,338,786	-341,939	0	0	-19,989,861
Calvert	-1,670,911	-161,095	-205,167	-265,443	-80,735	-33,622	0	0	-2,416,973
Caroline	-1,361,878	-68,094	-139,746	-113,607	-70,571	-9,238	-45,745	0	-1,808,879
Carroll	-3,759,383	-359,765	-347,995	-937,973	-366,139	-57,108	0	0	-5,828,363
Cecil	-2,117,464	-182,001	-189,445	-569,326	-182,833	-32,269	0	0	-3,273,338
Charles	-2,589,047	-323,715	-285,552	-864,044	-420,054	-52,659	0	0	-4,535,071
Dorchester	-1,553,046	-58,707	-153,954	-86,254	-63,783	-10,662	-34,544	0	-1,960,950
Frederick	-4,914,076	-390,250	-409,911	-1,232,970	-243,871	-82,723	0	0	-7,273,801
Garrett	-1,757,824	-74,411	-182,805	-172,581	-73,570	-9,875	-56,063	0	-2,327,129
Harford	-4,332,175	-529,359	-371,773	-1,347,365	-600,205	-84,532	0	0	-7,265,409
Howard	-4,286,513	-934,718	-374,534	-1,666,955	-664,894	-132,895	0	0	-8,060,509
Kent	-784,329	-44,880	-143,375	-83,025	-31,895	-7,211	-1,075,000	0	-2,169,715
Montgomery	-12,204,572	-2,420,888	-1,313,967	-5,912,882	-1,494,477	-491,768	0	0	-23,838,554
Prince George's	-10,566,734	-1,991,260	-1,161,715	-4,556,827	-1,150,695	-377,314	-274,748	0	-20,079,293
Queen Anne's	-1,536,869	-100,527	-159,349	-209,893	-83,989	-18,255	-180,000	0	-2,288,882
St. Mary's	-1,995,157	-179,058	-236,345	-514,149	-117,842	-30,197	0	0	-3,072,748
Somerset	-931,838	-41,760	-157,883	-117,624	-42,311	-5,416	-79,866	0	-1,376,698
Talbot	-1,240,990	-104,117	-190,746	-129,754	-79,473	-18,970	0	0	-1,764,050
Washington	-3,215,160	-275,632	-357,143	-691,591	-364,900	-43,040	-37,006	0	-4,984,472
Wicomico	-2,489,361	-184,564	-273,408	-545,210	-229,412	-33,736	-59,658	0	-3,815,349
Worcester	-1,862,865	-191,337	-307,643	-222,949	-110,057	-33,143	0	0	-2,727,994
Unallocated	0	0	0	0	0	0	0	-3,251,985	-3,251,985
<b>Total</b>	<b>-\$102,440,128</b>	<b>-\$12,734,213</b>	<b>-\$10,010,000</b>	<b>-\$30,565,078</b>	<b>-\$9,719,217</b>	<b>-\$2,465,444</b>	<b>-\$5,000,000</b>	<b>-\$3,376,985</b>	<b>-\$176,311,065</b>

Note: Other programs include a \$125,000 reduction in the Baltimore City lead paint abatement grant; a \$1,375,000 reduction in the school performance recognition program (unallocated); a \$149,481 reduction in the Maryland Student Service Alliance grant (unallocated); a \$366,348 reduction in the lease payment for school wiring under the Technology in Maryland Schools program (unallocated); and a \$1,361,156 reduction in the vehicle theft prevention program (unallocated).

## State Aid Increases in Prior Years

Since fiscal 1990, total State aid has increased at an average annual rate of 4.7 percent, and direct aid has increased at an average annual rate of 5.1 percent. The growth in State aid has exceeded the increase in the State's population and inflation. Furthermore, even with the reductions to certain State aid programs, overall State aid continues to increase in fiscal 2004. This is unlike the situation that occurred during the fiscal crisis in fiscal 1992 when State aid to local governments decreased by 5.3 percent. **Exhibit A-3.4** provides a summary of State aid to local governments since fiscal 1990.

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### Exhibit A-3.4 State Aid to Local Governments Fiscal 1990 to 2004 (\$ in Millions)

Fiscal	Direct Aid		Retirement Payments		Total State Aid	
1990	\$1,903.0		\$333.1		\$2,236.1	
1991	1,956.2	2.8%	358.5	7.6%	2,314.7	3.5%
1992	1,840.8	-5.9%	350.9	-2.1%	2,191.6	-5.3%
1993	2,012.3	9.3%	387.4	10.4%	2,399.7	9.5%
1994	2,085.3	3.6%	383.8	-0.9%	2,469.1	2.9%
1995	2,217.0	6.3%	423.1	10.2%	2,640.1	6.9%
1996	2,327.3	5.0%	455.6	7.7%	2,782.9	5.4%
1997	2,441.4	4.9%	479.7	5.3%	2,921.2	5.0%
1998	2,659.6	8.9%	474.8	-1.0%	3,134.5	7.3%
1999	2,909.9	9.4%	442.5	-6.8%	3,352.3	7.0%
2000	3,029.7	4.1%	420.5	-5.0%	3,450.3	2.9%
2001	3,273.7	8.1%	389.8	-7.3%	3,663.5	6.2%
2002	3,528.0	7.8%	349.3	-10.4%	3,877.3	5.8%
2003	3,734.7	5.9%	377.7	8.1%	4,112.3	6.1%
2004	3,824.6	2.4%	408.4	8.1%	4,233.1	2.9%

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## Changes in State Aid

Overall State aid will increase in 17 counties and Baltimore City in fiscal 2004, with the increase ranging from 1.1 percent in Caroline County to 13.5 percent in Talbot County. Six counties (Allegany, Anne Arundel, Garrett, Kent, Queen Anne's, and Somerset) will realize an overall decrease in State aid in fiscal 2004. **Exhibit A-3.5** summarizes the distribution of direct State aid by governmental entity and shows the estimated State retirement payments for local employees. **Exhibit A-3.6** compares total State aid in fiscal 2003 and 2004 by program.

**Exhibit A-3.5  
State Assistance to Local Governments  
Fiscal 2004 Legislative Appropriation  
(\$ in Thousands)**

<u>County</u>	<i>Direct State Aid</i>						<u>Total</u>	<u>Change over FY 2003</u>	<u>Percent Change</u>	
	<u>County Municipal</u>	<u>Community Colleges</u>	<u>Public Schools</u>	<u>Libraries</u>	<u>Health</u>	<u>Subtotal</u>				<u>Retirement</u>
Allegany	\$13,243	\$4,607	\$47,889	\$633	\$1,543	\$67,914	\$4,801	\$72,715	-\$235	-0.3%
Anne Arundel	36,207	22,533	188,321	1,868	5,231	254,162	33,686	287,847	-714	-0.2%
Baltimore City	263,790	0	582,173	5,464	11,050	862,476	46,079	908,555	16,519	1.9%
Baltimore County	39,627	33,805	306,786	3,963	7,135	391,316	52,155	443,471	13,878	3.2%
Calvert	10,848	1,069	54,851	300	624	67,691	7,232	74,923	4,540	6.5%
Caroline	5,695	998	26,494	218	904	34,309	2,388	36,698	405	1.1%
Carroll	10,164	5,024	91,839	725	2,049	109,801	11,524	121,325	2,772	2.3%
Cecil	5,879	3,455	59,713	519	1,347	70,913	6,766	77,680	1,892	2.5%
Charles	9,985	5,562	87,067	617	1,661	104,892	10,317	115,209	6,825	6.3%
Dorchester	6,525	902	19,883	210	714	28,234	2,161	30,396	736	2.5%
Frederick	13,837	5,913	119,239	847	2,509	142,344	15,644	157,988	5,304	3.5%
Garrett	8,888	2,585	18,930	162	730	31,295	2,301	33,596	-6	0.0%
Harford	13,353	7,748	132,771	1,154	2,884	157,909	16,764	174,673	7,495	4.5%
Howard	14,302	9,095	117,142	627	2,016	143,183	24,669	167,852	11,469	7.3%
Kent	2,145	451	7,869	84	558	11,106	1,402	12,509	-1,021	-7.5%
Montgomery	46,968	29,892	253,853	2,162	4,984	337,859	82,184	420,043	16,875	4.2%
Prince George's	58,341	18,600	556,559	5,236	8,268	647,005	56,214	703,219	16,488	2.4%
Queen Anne's	3,999	1,188	20,386	129	697	26,399	3,165	29,564	-84	-0.3%
St. Mary's	5,628	1,560	55,833	467	1,341	64,830	6,513	71,342	3,673	5.4%
Somerset	6,836	571	14,638	223	707	22,975	1,423	24,398	-97	-0.4%
Talbot	3,373	1,124	8,367	83	551	13,497	2,171	15,668	1,863	13.5%
Washington	9,575	5,157	72,030	857	2,308	89,926	8,878	98,804	2,003	2.1%
Wicomico	9,557	3,098	58,327	619	1,586	73,186	6,448	79,634	3,189	4.2%
Worcester	5,192	1,486	12,514	119	538	19,850	3,559	23,409	1,709	7.9%
Unallocated	12,326	2,995	22,293	13,945	0	51,558	0	51,558	5,254	11.3%
<b>Total</b>	<b>\$616,283</b>	<b>\$169,417</b>	<b>\$2,935,765</b>	<b>\$41,229</b>	<b>\$61,936</b>	<b>\$3,824,630</b>	<b>\$408,445</b>	<b>\$4,233,075</b>	<b>\$120,732</b>	<b>2.9%</b>

Note: General government includes the municipal share of police aid, highway user revenue and fire aid.

**Exhibit A-3.5 (Continued)**  
**State Assistance to Local Governments**  
**Fiscal 2003 Working Appropriation**  
**(\$ in Thousands)**

<u>County</u>	<i>Direct State Aid</i>						<u>Subtotal</u>	<u>Retirement</u>	<u>Total</u>
	<u>County</u> <u>Municipal</u>	<u>Community</u> <u>Colleges</u>	<u>Public</u> <u>Schools</u>	<u>Libraries</u>	<u>Health</u>				
Allegany	\$15,324	\$4,618	\$46,394	\$635	\$1,543	\$68,514	\$4,436	\$72,950	
Anne Arundel	43,335	22,392	184,618	1,839	5,231	257,415	31,146	288,561	
Baltimore City	265,641	0	567,416	5,534	11,050	849,640	42,396	892,036	
Baltimore County	50,487	33,880	286,023	3,854	7,135	381,379	48,214	429,593	
Calvert	12,421	1,062	49,289	298	624	63,694	6,689	70,383	
Caroline	7,251	995	24,716	218	904	34,084	2,209	36,293	
Carroll	13,588	5,025	86,498	735	2,049	107,895	10,658	118,553	
Cecil	7,803	3,456	56,408	517	1,347	69,531	6,256	75,787	
Charles	12,393	5,527	78,638	629	1,661	98,848	9,536	108,384	
Dorchester	7,462	899	18,379	206	714	27,661	1,999	29,660	
Frederick	18,278	5,898	110,715	821	2,509	138,221	14,463	152,684	
Garrett	8,933	2,590	19,048	174	730	31,475	2,127	33,602	
Harford	17,279	7,641	122,711	1,162	2,884	151,676	15,503	167,178	
Howard	18,149	9,005	103,784	613	2,016	133,567	22,815	156,383	
Kent	2,929	450	8,213	84	558	12,233	1,297	13,530	
Montgomery	58,353	29,913	231,618	2,132	4,984	327,000	76,168	403,167	
Prince George's	76,418	18,653	526,179	5,237	8,268	634,755	51,976	686,731	
Queen Anne's	5,423	1,184	19,279	139	697	26,721	2,926	29,648	
St. Mary's	7,500	1,551	50,773	484	1,341	61,648	6,022	67,670	
Somerset	7,698	552	14,000	223	707	23,180	1,316	24,495	
Talbot	4,578	1,121	5,466	82	551	11,798	2,007	13,805	
Washington	14,345	5,140	65,949	852	2,308	88,594	8,207	96,801	
Wicomico	12,267	2,991	53,033	605	1,586	70,483	5,962	76,445	
Worcester	7,024	1,435	9,295	116	538	18,408	3,292	21,700	
Unallocated	9,634	3,490	20,697	12,431	0	46,251	53	46,304	
<b>Total</b>	<b>\$704,511</b>	<b>\$169,465</b>	<b>\$2,759,137</b>	<b>\$39,620</b>	<b>\$61,936</b>	<b>\$3,734,669</b>	<b>\$377,674</b>	<b>\$4,112,343</b>	

Note: General government includes municipal share of police aid, highway user revenue and fire aid.

**Exhibit A-3.5 (Continued)**  
**State Assistance to Local Governments**  
**Dollar Difference between Fiscal 2004 Legislative Appropriation and Fiscal 2003 Working Appropriation**  
**(\$ in Thousands)**

<u>County</u>	<i>Direct State Aid</i>					<u>Subtotal</u>	<u>Retirement</u>	<u>Total</u>
	<u>General Government</u>	<u>Community Colleges</u>	<u>Education</u>	<u>Libraries</u>	<u>Health</u>			
Allegany	-\$2,081	-\$12	\$1,495	-\$2	\$0	-\$600	\$365	-\$235
Anne Arundel	-7,128	142	3,704	29	0	-3,253	2,540	-714
Baltimore City	-1,851	0	14,757	-70	0	12,836	3,683	16,519
Baltimore County	-10,860	-75	20,763	109	0	9,937	3,941	13,878
Calvert	-1,574	7	5,562	2	0	3,997	543	4,540
Caroline	-1,556	3	1,778	0	0	226	179	405
Carroll	-3,423	-2	5,341	-10	0	1,906	866	2,772
Cecil	-1,924	-1	3,305	2	0	1,382	510	1,892
Charles	-2,407	35	8,429	-13	0	6,044	781	6,825
Dorchester	-937	3	1,504	4	0	574	162	736
Frederick	-4,442	16	8,524	25	0	4,123	1,181	5,304
Garrett	-45	-5	-119	-12	0	-180	174	-6
Harford	-3,926	107	10,060	-8	0	6,234	1,261	7,495
Howard	-3,847	90	13,358	14	0	9,615	1,854	11,469
Kent	-784	1	-344	0	0	-1,127	105	-1,021
Montgomery	-11,385	-20	22,234	30	0	10,859	6,016	16,875
Prince George's	-18,076	-53	30,380	-1	0	12,250	4,238	16,488
Queen Anne's	-1,424	3	1,108	-10	0	-322	238	-84
St. Mary's	-1,872	10	5,060	-17	0	3,182	491	3,673
Somerset	-862	20	638	-1	0	-205	107	-97
Talbot	-1,205	3	2,901	1	0	1,699	164	1,863
Washington	-4,770	17	6,080	5	0	1,332	671	2,003
Wicomico	-2,710	106	5,294	13	0	2,703	486	3,189
Worcester	-1,832	51	3,219	3	0	1,441	267	1,709
Unallocated	2,692	-495	1,596	1,514	0	5,307	-53	5,254
<b>Total</b>	<b>-\$88,228</b>	<b>-\$48</b>	<b>\$176,628</b>	<b>\$1,609</b>	<b>\$0</b>	<b>\$89,961</b>	<b>\$30,771</b>	<b>\$120,732</b>

Note: General government includes the municipal share of police aid, highway user revenue and fire aid.

**Exhibit A-3.5 (Continued)**  
**State Assistance to Local Governments**  
**Percent Change: Fiscal 2004 Legislative Appropriation over Fiscal 2003 Working Appropriation**

Part A - Budget And State Aid

<u>County</u>	<i>Direct State Aid</i>						<u>Subtotal</u>	<u>Retirement</u>	<u>Total</u>
	<u>General Government</u>	<u>Community Colleges</u>	<u>Education</u>	<u>Libraries</u>	<u>Health</u>				
Allegany	-13.6%	-0.3%	3.2%	-0.3%	0.0%	-0.9%	8.2%	-0.3%	
Anne Arundel	-16.4%	0.6%	2.0%	1.6%	0.0%	-1.3%	8.2%	-0.2%	
Baltimore City	-0.7%	n.a.	2.6%	-1.3%	0.0%	1.5%	8.7%	1.9%	
Baltimore County	-21.5%	-0.2%	7.3%	2.8%	0.0%	2.6%	8.2%	3.2%	
Calvert	-12.7%	0.6%	11.3%	0.6%	0.0%	6.3%	8.1%	6.5%	
Caroline	-21.5%	0.3%	7.2%	0.2%	0.0%	0.7%	8.1%	1.1%	
Carroll	-25.2%	0.0%	6.2%	-1.4%	0.0%	1.8%	8.1%	2.3%	
Cecil	-24.7%	0.0%	5.9%	0.3%	0.0%	2.0%	8.2%	2.5%	
Charles	-19.4%	0.6%	10.7%	-2.0%	0.0%	6.1%	8.2%	6.3%	
Dorchester	-12.6%	0.3%	8.2%	2.0%	0.0%	2.1%	8.1%	2.5%	
Frederick	-24.3%	0.3%	7.7%	3.1%	0.0%	3.0%	8.2%	3.5%	
Garrett	-0.5%	-0.2%	-0.6%	-7.1%	0.0%	-0.6%	8.2%	0.0%	
Harford	-22.7%	1.4%	8.2%	-0.7%	0.0%	4.1%	8.1%	4.5%	
Howard	-21.2%	1.0%	12.9%	2.4%	0.0%	7.2%	8.1%	7.3%	
Kent	-26.8%	0.3%	-4.2%	0.5%	0.0%	-9.2%	8.1%	-7.5%	
Montgomery	-19.5%	-0.1%	9.6%	1.4%	0.0%	3.3%	7.9%	4.2%	
Prince George's	-23.7%	-0.3%	5.8%	0.0%	0.0%	1.9%	8.2%	2.4%	
Queen Anne's	-26.3%	0.3%	5.7%	-6.9%	0.0%	-1.2%	8.1%	-0.3%	
St. Mary's	-25.0%	0.6%	10.0%	-3.5%	0.0%	5.2%	8.1%	5.4%	
Somerset	-11.2%	3.6%	4.6%	-0.3%	0.0%	-0.9%	8.2%	-0.4%	
Talbot	-26.3%	0.3%	53.1%	0.9%	0.0%	14.4%	8.2%	13.5%	
Washington	-33.3%	0.3%	9.2%	0.6%	0.0%	1.5%	8.2%	2.1%	
Wicomico	-22.1%	3.6%	10.0%	2.2%	0.0%	3.8%	8.2%	4.2%	
Worcester	-26.1%	3.6%	34.6%	2.7%	0.0%	7.8%	8.1%	7.9%	
Unallocated	27.9%	-14.2%	7.7%	12.2%	n.a.	11.5%	-100.0%	11.3%	
<b>Total</b>	<b>-12.5%</b>	<b>0.0%</b>	<b>6.4%</b>	<b>4.1%</b>	<b>0.0%</b>	<b>2.4%</b>	<b>8.1%</b>	<b>2.9%</b>	

Note: General government includes the municipal share of police aid, highway user revenue and fire aid.

**Exhibit A-3.6**  
**Total State Assistance to Local Governments**  
**Direct State Aid**

<u>Program</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>Difference</u>
Foundation Aid	\$1,764,230,813	\$2,013,431,102	\$249,200,289
Compensatory Education	141,945,669	350,797,986	208,852,317
Student Transportation – regular	133,156,683	150,267,234	17,110,551
Student Transportation – special education	5,742,500	16,741,800	10,999,300
Special Education – formula	81,253,346	116,239,081	34,985,735
Special Education – nonpublic placements	100,691,230	103,967,830	3,276,600
Special Education – infants & toddlers	5,199,999	5,199,999	0
Limited English Proficiency Grants	34,188,750	38,870,352	4,681,602
Additional Poverty Grants	18,163,360	0	-18,163,360
Targeted Poverty Grants	8,000,000	0	-8,000,000
Magnet Schools	16,100,000	0	-16,100,000
Extended Elementary	19,262,500	19,262,500	0
Baltimore City Partnership	70,465,079	28,186,032	-42,279,047
Aging Schools	10,370,000	10,370,000	0
Targeted Improvement Grants	23,275,282	0	-23,275,282
Teacher Development/Mentoring Programs	34,895,000	8,968,000	-25,927,000
Adult Education	2,553,622	2,553,622	0
Food Service	6,264,664	6,264,664	0
Gifted and Talented Grants	6,169,829	534,829	-5,635,000
Class Size Initiative	24,622,115	0	-24,622,115
Out-of-County Placements	6,463,042	6,863,042	400,000
Teacher Salary Grant	72,512,110	5,302,784	-67,209,326
Early Education Initiatives	19,000,000	0	-19,000,000
Headstart	3,000,000	3,000,000	0
Bridge to Excellence	64,064,100	0	-64,064,100
Prince George's Restructuring Grant	10,000,000	0	-10,000,000
Education Modernization	13,486,002	8,679,999	-4,806,003
School Reconstitution	11,835,600	11,835,600	0
Academic Intervention	19,100,002	0	-19,100,002
Other Programs	33,125,882	28,428,664	-4,697,218
<b>Total Primary &amp; Secondary Education</b>	<b>\$2,759,137,179</b>	<b>\$2,935,765,120</b>	<b>\$176,627,941</b>
Library Formula	27,062,144	27,284,507	222,363
Library Network	12,557,844	13,944,964	1,387,120

<u>Program</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>Difference</u>
<b>Total Libraries</b>	<b>\$39,619,988</b>	<b>\$41,229,471</b>	<b>\$1,609,483</b>
Community College Formula	151,657,145	152,256,721	599,576
Grants for ESOL Programs	2,378,410	2,500,000	121,590
Optional Retirement	7,999,999	8,565,415	565,416
Small College Grant/Allegany & Garrett Grant	3,100,001	3,100,001	0
Statewide Programs	4,329,883	2,994,828	-1,335,055
<b>Total Community Colleges</b>	<b>\$169,465,438</b>	<b>\$169,416,965</b>	<b>-\$48,473</b>
Highway User Revenue	432,103,925	358,599,999	-73,503,926
Elderly and Handicapped Transportation Aid	4,815,788	4,815,788	0
Paratransit	3,632,051	3,341,711	-290,340
<b>Total Transportation</b>	<b>\$440,551,764</b>	<b>\$366,757,498</b>	<b>-\$73,794,266</b>
Police Aid	62,144,781	61,072,412	-1,072,369
Fire And Rescue Aid	10,000,000	10,000,000	0
Vehicle Theft Prevention	1,020,000	1,238,844	218,844
9-1-1 Grants	4,122,406	5,300,000	1,177,594
Community Policing	2,000,000	2,000,000	0
Foot Patrol/Drug Enforcement Grants	4,462,500	4,462,500	0
Law Enforcement Training Grants	84,337	100,000	15,663
Stop Gun Violence Grants	1,000,000	1,000,000	0
Violent Crime Grants	5,000,000	5,000,000	0
Baltimore City State's Attorney Grant	1,000,000	1,288,470	288,470
Domestic Violence Grants	200,000	200,000	0
Foreign Vehicle Registration Grant	360,000	0	-360,000
School Vehicle Safety Grant	550,000	550,000	0
Body Armor	50,000	50,000	0
<b>Total Public Safety</b>	<b>\$91,994,024</b>	<b>\$92,262,226</b>	<b>\$268,202</b>
Program Open Space	18,261,173	20,593,888	2,332,715
Critical Area Grants	750,000	950,000	200,000
<b>Total Recreation/Environment</b>	<b>\$19,011,173</b>	<b>\$21,543,888</b>	<b>\$2,532,715</b>
<b>Local Health Formula</b>	<b>61,935,703</b>	<b>61,935,703</b>	<b>0</b>
<b>Utility Property Tax Grant</b>	<b>30,615,201</b>	<b>30,615,201</b>	<b>0</b>
<b>Disparity Grant</b>	<b>115,179,884</b>	<b>105,831,420</b>	<b>-9,348,464</b>

<u>Program</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>Difference</u>
Horse Racing Impact Aid	1,341,400	1,341,400	0
Payments in Lieu of Taxes	905,989	1,604,472	698,483
Security Interest Filing Fees	3,164,769	3,025,000	-139,769
Baltimore City Lead Paint Abatement Grant	250,000	375,000	125,000
Senior Citizens Activities Center	475,000	500,000	25,000
Statewide Voting Systems	1,021,771	2,436,941	1,415,170
Property Tax Credits	0	-10,010,000	-10,010,000
<b>Total Other Direct Aid</b>	<b>\$7,158,929</b>	<b>-\$727,187</b>	<b>-\$7,886,116</b>
<b>Total Direct Aid</b>	<b>\$3,734,669,283</b>	<b>\$3,824,630,305</b>	<b>\$89,961,022</b>
<b>Payments-in-Behalf</b>			
Retirement – Teachers	354,543,782	383,567,010	29,023,228
Retirement – Libraries	7,792,760	8,018,754	225,994
Retirement – Community Colleges	13,981,719	15,234,302	1,252,583
Retirement – Local Employees	1,355,501	1,624,743	269,242
<b>Total Payments-in-Behalf</b>	<b>\$377,673,762</b>	<b>\$408,444,809</b>	<b>\$30,771,047</b>
<b>Total State Assistance</b>	<b>\$4,112,343,045</b>	<b>\$4,233,075,114</b>	<b>\$120,732,069</b>

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### **Primary and Secondary Education**

State aid to local school systems will total \$3.3 billion in fiscal 2004. This represents a \$205.7 million or 6.6 percent increase from the prior year. Direct aid to local school systems will increase by \$176.6 million or 6.4 percent and teachers' retirement payments will increase by \$29.0 million or 8.2 percent. Most of the changes reflect implementation of the Thornton legislation enacted last year (Chapter 288, Acts of 2002).

**Foundation Program:** The foundation program, formerly known as the current expense formula, ensures a minimum funding level per pupil and requires the counties to provide a local match. The formula is calculated based on a per pupil foundation amount and student enrollment. Fiscal 2004 is the first year of funding under the foundation program. State aid under the foundation program will total \$2.0 billion in fiscal 2004, representing a \$249.2 million or 14.1 percent increase over the prior year. The per pupil foundation amount for fiscal 2004 is set at \$4,766. This represents a \$475 or 11.1 percent increase over the fiscal 2003 per pupil foundation amount of \$4,291. Enrollment for the formula is based on the September 30, 2002, student enrollment count. Enrollment increased by 1.4 percent or 11,481.8 full-time equivalent students (FTES) between the September 30, 2001, enrollment count of 810,502.0 and the September 30, 2002, enrollment count of 821,983.8 FTES.

**Compensatory Aid:** The compensatory aid formula provides additional funding for economically disadvantaged students. The formula recognizes local fiscal disparities in wealth by adjusting the grants per compensatory education student by local wealth. The formula is calculated based on 97 percent of the annual per pupil amount used in the foundation program and the number of students eligible for free and reduced price meals in either the prior fiscal year or the second prior fiscal year, whichever is greater. State aid under the compensatory aid program will total \$350.8 million in fiscal 2004, representing a \$208.9 million or 147.1 percent increase over the prior year. The per pupil amount for fiscal 2004 is set at \$1,341. This represents a \$269 or 25.1 percent increase over the fiscal 2003 per pupil amount of \$1,072. The enrollment count used for the program in fiscal 2004 totals 261,242 students, a 97 percent increase from the prior year. The increase in the number of eligible students stems from a change in the definition of eligible students under Chapter 288. In prior fiscal years, the student count was based on the student count used in the distribution of federal Title I aid. In fiscal 2004 and beyond, the student count will be based on the number of students eligible for free and reduced price meals.

**Teachers' Retirement Payments:** The State pays 100 percent of the employer's share of retirement costs for local school system employees in the Teachers' Retirement and Pension Systems maintained by the State. Rather than distributing the aid to the local boards of education and billing them for the retirement contributions, the State appropriates a lump-sum payment to the retirement system "on behalf of" the local boards. The appropriation is calculated by increasing the second prior year's salary base by 5 percent and applying the contribution rate established by the retirement system's actuary. Teachers' retirement payments

will total \$383.6 million in fiscal 2004, representing an 8.2 percent increase over the fiscal 2003 working appropriation due to an increase in the salary base.

***Student Transportation:*** Each local school system receives a grant for student transportation based on the county's grant in the previous year increased by inflation. Increases cannot exceed 8.0 percent or be less than 3.0 percent. As a result of legislation enacted in 1996, local school systems with enrollment increases receive additional funds. Legislation enacted in 2002 (Chapter 288) increased the base amount for student transportation beginning in fiscal 2004. The fiscal 2004 budget includes \$150.3 million for the program, reflecting a 3.0 percent transportation inflation rate, slight growth in student enrollment, and the higher base amount pursuant to Chapter 288. The State also provides a grant for transporting disabled students that will total \$16.7 million in fiscal 2004. Chapter 288 also increased this grant from \$500 per disabled student to \$600 per student beginning in fiscal 2004. In addition, the grant is based on all disabled students requiring special transportation services rather than the additional number of students requiring services since the 1980-1981 school year. Total funding for student transportation, including special transportation, will be \$167.0 million in fiscal 2004, representing a \$28.1 million or 20.2 percent increase over the prior year.

***Special Education:*** State aid for special education recognizes the additional costs associated with providing programs for students with disabilities. Most special education students receive services in the public schools; however, if an appropriate program is not available in the public schools, students may be placed in a private school offering more specialized services. The State and local school systems share the costs of these nonpublic placements. The special education formula is calculated based on 74 percent of the annual per pupil foundation amount and the greater of the number of special education students from the prior fiscal year or the second prior fiscal year. State funding for public special education programs will total \$116.2 million in fiscal 2004, representing a \$35.0 million or 43.1 percent increase over the prior year. Funding for nonpublic placements will total \$104 million in fiscal 2004, representing a \$3.8 million or 3.8 percent increase over the prior year. The special \$500,000 grant for the Baltimore County Foster Care Team will be discontinued in fiscal 2004.

***Limited English Proficiency:*** The State provides grants to support programs for non- and limited-English proficient (LEP) students using a definition consistent with federal guidelines. The LEP formula is based on 99 percent of the annual per pupil foundation amount. The fiscal 2004 grant per LEP student is \$1,368, an \$18, or 1.3 percent increase over the fiscal 2003 grant per LEP student. State funding for the program will total \$38.9 million in fiscal 2004, representing a \$4.7 million or 13.7 percent increase over the prior year. The number of LEP students in Maryland total 27,429 for the 2002-2003 school year.

***Extended Elementary Education Program:*** The extended elementary education program, a public school prekindergarten program for four-year old children identified as having a high potential for failure in school, will continue to receive \$19.3 million in funding in fiscal 2004.

**Judy Hoyer and Head Start Programs:** This program provides financial support for the establishment of centers that provide full-day, comprehensive, early education programs and family support services that will assist in preparing children to enter school ready to learn. This program also provides funding to support childhood educators, and statewide implementation of an early childhood assessment system. The fiscal 2004 State budget includes \$7.6 million for Judy Center grants, \$3.0 million for school readiness and program accreditation, and \$3.0 million for head start programs.

**Infants and Toddlers Program:** This program provides for a statewide community-based interagency system of comprehensive early intervention services for eligible children who are less than three years old. Eligible children include those who have developmental delays or disabilities. State funding for infants and toddlers programs will total \$5.2 million in fiscal 2004.

**Adult Education:** The State provides funding for adult education services through four programs: adult general education, external diploma program, literacy works grant, and adult education and literacy works. State funding for adult education programs will total \$2.6 million in fiscal 2004. The State does not use a statutory formula to determine the level of funding for adult education and literacy programs.

**Teacher Quality Incentives:** The State provides salary enhancements for teachers obtaining national certification, a signing bonus for teachers graduating in the top of their class, and a stipend for teachers working in a reconstitution-eligible or challenge school. The fiscal 2004 State budget includes \$8.3 million for these teacher quality incentives.

**Baltimore City Partnership Grant:** This program is part of the State's effort to reform the Baltimore City Public School System. Baltimore City will receive \$28.2 million in fiscal 2004.

**School Technology/Modernization Initiative:** The education modernization initiative provides public schools access to on-line computer resources and capacity for data, voice, and video equipment. Funding for this program will total \$8.7 million in fiscal 2004. State funding for lease payments for school wiring under the Technology in Maryland Schools Program will total \$4.7 million in fiscal 2004. State funding for the Maryland Technology Academy will be discontinued in fiscal 2004.

**Aging Schools Program:** The aging school program provides State funding to local school systems for improvements, repairs, and deferred maintenance of public school buildings that are more than 15 years old. These repairs are generally not covered by the capital school construction program and are necessary to maintain older public schools. State funding for the aging schools program will total \$10.37 million in fiscal 2004.

**Teacher Salary Challenge Program:** State funding for teacher salary challenge grants will total \$5.3 million in fiscal 2004. These funds will cover the targeted and hold harmless grants for seven local school systems. The State budget as introduced by the Governor included an additional \$30.6 million in funding for this program; however, the funds were eliminated due

to budget constraints. Under Chapter 288 all funding through this program is phased out by fiscal 2006.

***Discontinued Programs:*** Due to the enactment of Chapter 288 of 2002, the Bridge to Excellence in Public Schools Act (Thornton legislation), State funding for public schools changed dramatically. The legislation phases out or eliminates 27 State education aid programs from fiscal 2004 to 2008 in order to simplify the structure, while significantly increasing overall State financial support for public schools. Several programs eliminated in fiscal 2004 include poverty grants, teacher mentoring programs, academic intervention, class size reduction program, early education initiative, magnet schools, and most funding for gifted and talented education programs.

### **Local Libraries**

State aid to local libraries will total \$49.2 million in fiscal 2004, representing a \$1.8 million or 3.9 percent increase over the prior year. Most of the increase is for the State Library Network.

***Minimum Per Capita Library Program:*** The State provides assistance to public libraries through a formula that determines the State and local shares of a minimum per capita library program. The minimum library program is specified in statute. For fiscal 2004, the program is based on a \$12 per capita grant. Overall, the State provides 40 percent of the minimum program and the counties provide 60 percent. However, the State/local share of the minimum program varies by county depending on local wealth. In fiscal 2004, State funding for the library program will total \$27.3 million, representing a \$0.2 million or 0.8 percent increase over the prior year.

***State Library Network:*** The network consists of the Central Library of the Enoch Pratt Free Library System in Baltimore City, three regional resource centers, and metropolitan cooperative service programs. The Enoch Pratt Free Library operates as the designated State Library Resource Center. It will receive \$10.0 million in State funding in fiscal 2004, which equals \$1.85 per State resident. In addition to the State center, regional resource centers serve Western Maryland (Hagerstown), Southern Maryland (Charlotte Hall), and the Eastern Shore (Salisbury). The regional centers will receive \$3.8 million in fiscal 2004, which equals \$4.50 per resident in the region served.

***Retirement Payments:*** The State pays 100 percent of the employer's share of retirement costs for local library employees in the Teachers' Retirement and Pension Systems maintained by the State. State funding for library retirement payments will total \$8.0 million in fiscal 2004, representing a \$0.2 million or 2.9 percent increase.

### **Community Colleges**

State aid to local community colleges will total \$184.7 million in fiscal 2004, representing a \$1.2 million or 0.7 percent increase from the prior year. State funding for local community colleges was reduced by \$6.3 million in fiscal 2003 and by \$9.7 million in fiscal 2004 pursuant to February 19 actions of the Board of Public Works.

**Senator John A. Cade Funding Formula:** State funding under the formula will total \$152.2 million in fiscal 2004, representing a \$0.6 million or 0.4 percent increase from the prior year.

**Special Programs:** State funding will remain at \$2.5 million for the small college grants and \$0.6 million for the Allegany/Garrett counties unrestricted grants. Funding for statewide and regional programs will total \$3.0 million, representing a \$1.3 million or 30.8 percent decrease. State funding for the ESOL program will total \$2.5 million in fiscal 2004, representing a \$0.1 million or 5.1 percent increase from the prior year.

**Retirement Payments:** The State pays 100 percent of the employer's share of retirement costs for community college faculty in the Teachers' Retirement and Pension Systems maintained by the State. State funding for community college retirement payments will total \$15.2 million in fiscal 2004, representing a \$1.3 million or 9.0 percent increase. In addition, State funding for the optional retirement program will total \$8.6 million in fiscal 2004, representing a \$0.6 million or 7.1 percent increase.

### **Local Health Departments**

The State provides funds to support the delivery of public health services in each of Maryland's 24 local jurisdictions. Support for this program is formula-driven, with increases based on inflation and population growth. Since fiscal 1999, the State has provided funding to support a cost-of-living adjustment (COLA) for local health department employees although the funding formula does not contain any provision for such a COLA. In addition, funds were provided for salary plan adjustments. Due to fiscal constraints, State aid for local health departments was held constant at \$61.9 million in fiscal 2004 by reducing funding that had been provided for cost-of-living adjustments.

### **County and Municipal Governments**

County and municipal governments will realize an \$88.0 million or 12.5 percent decrease in State aid in fiscal 2004. The largest decrease is attributable to the transfer of local highway user revenues to the State's general fund. Funding for the police aid formula and disparity grants also decreased in fiscal 2004.

**Highway User Revenues:** The Budget Reconciliation and Financing Act of 2003, [\*House Bill 935 \(passed\)\*](#), reduces local highway user revenues by \$102.4 million in fiscal 2004. The county's share of the reductions is \$90.2 million or 86 percent and the municipal share is \$12.3 million or 14 percent. The reductions are only partly based on the highway user revenue formula. Instead of allocating the local highway user revenues through the statutory formula, Baltimore City's funding level is set at \$170 million, and the funding level for the other 23 counties is set at \$188.6 million. The overall county portion is then distributed to the 23 counties according to the statutory formula. This approach of allocating highway user revenues in fiscal 2004 benefits Baltimore City in that the reduction to highway user revenues was less severe for Baltimore City than the other counties. Per the statutory formula Baltimore City would have received approximately 40 percent of highway user revenues in fiscal 2004, and the other counties would

have received 60 percent. However, Baltimore City's share of the funding reduction was less than 15 percent compared to over 85 percent for the counties.

There is rationale for limiting the funding reductions to Baltimore City. First, the State does not maintain any highways in the city except for Interstate 95. In addition, Baltimore City is one of the most fiscally distressed jurisdictions in the State with a limited ability to raise revenue to offset the State funding reductions.

**Other Transportation Aid:** State funding for elderly/disabled transportation grants will remain at \$4.8 million in fiscal 2004, while funding for paratransit grants will decrease by 8.0 percent to \$3.3 million.

**Police Aid Formula:** 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. **House Bill 935 (passed)**, Budget Reconciliation and Financing Act of 2003, directs the Maryland State Police to recover 30 percent of the State crime laboratories costs relating to evidence-testing services from local jurisdictions. A portion of the assessment will be based on each jurisdiction's share of total Part I crime in the State, and the remaining portion of the assessment will be based on the assessable wealth of each jurisdiction. Part I crimes are defined as murder, forcible rape, robbery, aggravated assault, breaking and entering, larceny-theft, and motor vehicle theft. The local share of these costs will total \$2.5 million in fiscal 2004. These costs will be assessed as a reduction in each jurisdiction's police aid grants. After the crime laboratory adjustment, police aid will total \$61.1 million in fiscal 2004, representing a \$1.0 million or 1.7 percent decrease from the prior year.

**Public Safety Grants:** State funding for targeted public safety grants totaling \$13.4 million were maintained in fiscal 2004. These grants includes violent crime grants for Baltimore City and Prince George's County, police foot patrol and community policing grants for Baltimore City, a drug enforcement grant for Prince George's County, S.T.O.P. gun violence grants, school bus traffic enforcement grants, domestic violence grants, law enforcement and correctional officers training grants, and the body armor grants. In addition, the Baltimore City State's Attorney Office will receive \$1 million in fiscal 2004 to assist in the prosecution of gun offenses and repeat violent offenders and \$288,470 to hire two prosecutors and three paralegals.

**Vehicle Theft Prevention Program:** This program provides grants to law enforcement agencies, prosecutors' offices, local governments, and community organizations for the purpose of establishing vehicle theft prevention, deterrence, and educational programs. Funds are used to enhance the prosecution and adjudication of vehicle theft crimes. Funding for the program is provided through the Vehicle Theft Prevention Fund, a non-lapsing dedicated fund that receives up to \$2.0 million a year from penalties collected for lapsed or terminated insurance coverage. Additional funds are received from inspection fees collected for salvaged vehicle verification. State funding for the program was originally set at \$2.6 million in fiscal 2004; however, \$1.4

million was transferred to the State's general fund as part of cost containment measures. Therefore, State funding for this program will total \$ 1.2 million in fiscal 2004.

**Fire, Rescue, and Ambulance Services:** The State provides formula grants to the counties, Baltimore City, and qualifying municipalities for local and volunteer fire, rescue, and ambulance services. The grants are for equipment and renovation projects, not operating costs. The program is funded through the Maryland Emergency Medical System Operations Fund (MEMSOF). The grant level is set at \$10.0 million in fiscal 2004.

**911 Emergency Systems Grant:** State funding to local 911 emergency systems will total \$5.3 million in fiscal 2004. This represents a \$1.2 million or 28.6 percent increase over the prior fiscal year.

**Program Open Space Grants:** Under the Program Open Space program, the State provides grants to the counties and Baltimore City for land acquisition and the development of park and recreation facilities. The State property transfer tax funds Program Open Space and related programs. The Budget Reconciliation and Financing Act of 2003, *House Bill 935 (passed)*, redirects transfer tax revenues to the general fund in fiscal 2004. GO bond funding in the amount of \$19.1 million is provided to help offset this decrease. In addition, Baltimore City will receive a special \$1.5 million direct grant for the development and maintenance of city parks and recreation facilities.

**Disparity Grants:** The disparity grants address the differences in the capacities or abilities of the counties to raise revenues from the local income tax. Counties with per capita local income tax revenue less than 75 percent of the State's average receive grants. Aid received by a county equals the dollar amount necessary to raise the county's per capita income tax revenues to 75 percent of the State average.

The proposed fiscal 2004 budget included \$110.8 million for disparity grants (\$96.7 million in statutory grants and \$14.2 million in discretionary grants). The discretionary grants were intended to partially offset the reduction in State funding due to the transfer of \$102.4 million in local highway user revenues from the Transportation Trust Fund to the State's general fund. A portion of the discretionary grants (\$2.9 million) went to three counties (Anne Arundel, Kent, and Queen Anne's) that do not statutorily qualify for disparity grants. The rationale for providing discretionary grants to these counties was to ensure that the jurisdictions did not realize a net decrease in State assistance in fiscal 2004.

In light of the State's current fiscal constraints, the General Assembly determined that providing disparity grant funding to counties that do not statutorily qualify for the program was not affordable. To address this concern, \$5 million in disparity grant funding was eliminated from the State budget (\$2.9 million in discretionary funding provided to the three counties that do not qualify for the program and \$2.1 million from the nine qualifying disparity grant counties based on each county's allocation of funding in the prior year).

**Utility Restructuring Grant:** Ten counties and Baltimore City receive an electricity generating equipment property tax grant which partially offsets lost local revenues resulting from the electric and gas utility tax reform passed in the 1999 session. The grants will total \$30.6 million in fiscal 2004.

**Unallocated State Aid Reductions:** In an effort to contain State costs, [\*House Bill 935 \(passed\)\*](#), Budget Reconciliation and Financing Act of 2003, provides for a \$10,010,000 unallocated State aid reduction. A portion of the reduction (\$10,000) is allocated to the counties based on the assessed value of county property, and the remaining amount (\$10 million) is allocated based on each county's share of the costs of the homeowners tax credit program. The unallocated State aid reduction will be deducted from the amount of money the county would receive in fiscal 2004 through the homeowners tax credit program. The homeowners' tax credit program (circuit breaker) is a State funded program providing credits against State and local real property taxation for homeowners who qualify based on a sliding scale of property tax liability and income. The State reimburses local governments for the loss in local revenues. The fiscal 2004 budget estimates the cost for this program at \$39 million. Kent, Somerset, Talbot, and Worcester counties' share of the unallocated State aid reductions exceeds the estimated amount of funding provided under the homeowners' tax credit program. Since counties are not required to make payments to the State, the unallocated State aid reductions for these counties could be less than specified in the legislation.

### **State Assumed Functions in Baltimore City**

The State has assumed three functions in Baltimore City that are performed by local governments in other jurisdictions. These functions include the local community college, detention center, and central booking facility. The Baltimore City Community College became a State agency in fiscal 1991. The fiscal 2004 State budget includes \$31.4 million in operating funds for the college. Legislation enacted in 1991 authorized the State to assume the costs and operation of the Baltimore City detention center and provided for State operation of a central booking facility in Baltimore City by fiscal 1995. State funding for Baltimore City under the police aid formula was discontinued to offset the State costs for these functions. However, legislation enacted in 1996 provided a small grant to Baltimore City under the police aid formula beginning in fiscal 1997. In fiscal 2004, the State will spend approximately \$61.9 million to operate the Baltimore City detention center and approximately \$33.5 million to run the Baltimore City central booking facility.

## State Aid

### County Level Detail

This section includes information for each county on State aid, State funding of selected services, and capital projects in the county. The three parts included under each county are described below.

#### Direct Aid and Retirement Payments

**Direct Aid:** The State distributes aid or shares revenue with the counties, municipalities, and Baltimore City through over 45 different programs. The fiscal 2004 State budget includes \$4.2 billion to fund these programs. Part A, section 1 of each county's statistical tables compares aid distributed to the county in fiscal 2003 and 2004.

**Retirement Payments:** County teachers, librarians, and community college faculty are members of either the teachers' retirement or pension systems maintained and operated by the State. The State pays the employer share of the retirement costs on behalf of the counties for these local employees as well as certain elected local officials such as sheriffs and State's Attorneys. These payments total \$408.4 million in fiscal 2004. Although these funds are not paid to the local governments, each county's allocation is estimated from salary information collected by the State retirement systems. These estimates are presented in Part A, section 2 of each county.

#### Estimated State Spending on Health and Social Services

The State funds the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. Part B of each county shows fiscal 2004 allocation estimates of general and special fund appropriations for health services, social services, and senior citizen services.

**Health Services:** The Department of Health and Mental Hygiene, through its various administrations, funds in whole or part community health programs that are provided in the local subdivisions. These programs are described below. General fund spending totals \$755.8 million statewide for these programs in fiscal 2004. In addition, \$64.6 million from the Cigarette Restitution Fund will also be spent on these programs in fiscal 2004. This does not include spending at the State mental health hospitals, developmental disability facilities, or chronic disease centers.

**Alcohol and Drug Abuse:** The Alcohol and Drug Abuse Administration funds community-based programs that include primary and emergency care, intermediate care facilities, halfway houses and long-term care programs, outpatient care, and prevention programs. The fiscal 2004 budget includes \$74.1 million in general funds and \$17.1 million in special funds for these programs. In addition, the budget includes \$29.7 million in federal funds for addiction treatment services.

- **Family Health and Primary Care Services:** The Family Health Administration funds community-based programs through the local health departments in each of the subdivisions. These programs include maternal health (family planning, pregnancy testing, prenatal and perinatal care, etc.) and infant and child health (disease prevention, child health clinics, specialty services, etc.). Primary care services are funded for those people who previously received State-only Medical Assistance. Fiscal 2004 funding for these family health programs totals \$20.0 million in general funds.
- **Geriatric and Children's Services:** The Medical Care Policy Administration provides funding for community-based programs that serve senior citizens and children. The geriatric services include operating grants to adult day care centers and an evaluation program administered by the local health departments to assess the physical and mental health needs of elderly individuals. The children's services include the Early, Periodic Screening Diagnosis and Treatment (EPSDT) program and the Adolescent Case Coordinator program that assures at risk or pregnant teenagers receive needed health services. The fiscal 2004 funding for these programs totals \$24.9 million in general funds.
- **Mental Health:** The Mental Hygiene Administration oversees a wide range of community mental health services that are developed and monitored at the local level by Core Service Agencies. The Core Service Agencies have the clinical, fiscal, and administrative responsibility to develop a coordinated network of services for all public mental health clients of any age within a given jurisdiction. These services include in-patient and out-patient hospital services, in-patient and out-patient mental health services, psychiatric rehabilitation services, targeted case management services, rental assistance, pharmacy services, private practitioners, and other clinic services. The fiscal 2004 budget includes \$305.1 million in general funds and \$213.4 million federal funds for mental health services.
- **Prevention and Disease Control:** The Community Health Administration and the Family Health Administration are responsible for chronic and hereditary disease prevention (cancer, heart disease, diabetes, etc.). They also provide for the promotion of safe and effective immunization practices, the investigation of disease outbreaks, and continuous disease surveillance and monitoring with the support of local health departments and the medical community. General fund appropriations in fiscal 2004 total \$6.8 million. In addition, the budget includes \$47.6 million in Cigarette Restitution

Funds for tobacco use prevention and cessation and for cancer prevention and screening at the local level.

- **Developmental Disabilities:** The Developmental Disabilities Administration's community-based programs include residential services, day programs, transportation services, summer recreation for children, individual and family support services, including respite care, individual family care, behavioral support services, and community supported living arrangements. The fiscal 2004 budget includes \$322.2 million in general funds and \$144.7 in federal funds for these programs.
- **AIDS:** The AIDS Administration funds counseling, testing, education and risk reduction services through the local health departments. Fiscal 2004 funds for these services total \$2.7 million in general funds. The budget for the AIDS Administration also includes \$18.7 million in federal funds for these services.

**Social Services:** The Department of Human Resources provides funding for various social and community services in the subdivisions. Part B of each county's statistical tables shows fiscal 2004 estimates of funding for those programs that were available by subdivision. Note that fiscal 2004 funding for homeless and women's services is allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2003 funding and may change.

- **Homeless Services:** The Community Services Administration funds programs which provide emergency and transitional housing, food, and transportation for homeless families and individuals. Funding is available by county for the housing counselor, service-linked housing and emergency and transitional housing programs. The fiscal 2004 budget includes \$5.1 million in general funds for these programs.
- **Women's Services:** The Community Services Administration provides funding for a variety of community-based programs for women. These include the battered spouse program, rape crisis centers, displaced homemakers program, and crime victim's services. Total fiscal 2004 funding for these programs equals \$7.5 million in general funds. In addition, the fiscal 2004 budget includes \$8.8 million in federal funds for women's services.
- **Adult Services:** The State social services departments in each of the subdivisions provide a variety of services to disabled, elderly, neglected, and exploited adults. Services include information and referral, crisis intervention, case management, protective services, in-home aid, and respite care for families. The fiscal 2004 budget includes \$10.3 million in general funds and \$32.5 million in federal funds for adult services.

- **Child Welfare Services:** The State social services departments in each of the subdivisions offer programs to support the healthy development of families, assist families and children in need, and protect abused and neglected children. Services include adoptive services, foster care programs, family preservation programs, and child protective services. The fiscal 2004 budget includes \$62.9 million in general funds and \$71.6 million in federal funds.

**Senior Citizen Services:** The Department of Aging funds a variety of services for senior citizens mostly through local agencies on aging. In Part B of each county, these programs have been combined into two broad categories: long-term care and community services. The total fiscal 2004 funding is \$16.2 million in general funds and \$23.0 million in federal funds. The fiscal 2004 funding is allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2003 funding and may change.

- **Long-term Care:** This category includes the following programs: frail and vulnerable elderly, senior care, senior guardianship, the ombudsman program and the innovations in aging program. The total fiscal 2004 funding is \$12.9 million in general funds.
- **Community Services:** Included in this category are the senior information and assistance program, the senior nutrition program and the insurance counseling program. Fiscal 2004 funding for these programs totals \$3.4 million in general funds.

### **Capital Grants and Capital Projects for State Facilities**

**Selected State Grants for Capital Projects:** The State provides capital grants for public schools, community colleges, local jails, community health facilities, adult day care centers, water quality projects, waterway improvements, homeless shelters, and other cultural, historical, and economic development projects. Projects are funded from either bond sales or current revenues. Part C lists projects in the counties authorized by the fiscal 2004 State operating and capital budgets. Projects at regional community colleges are shown for each county that the college serves. For some loan programs (senior citizen centers, adult day care facilities and community mental health/addictions/developmental disabilities facilities), funding was not provided for all requested projects. Since it is not known which projects will be funded, all requested projects for these loans are shown in this report. The report this year does not include projects under the Waterway Improvement Program as an accurate project list was not available in time for publication.

The fiscal 2004 budget includes \$106.3 million in new funding for local school construction: \$2.4 million in special funds and \$103.9 million in general obligation bonds. As of the publication of this report, \$70.3 million of the total fiscal 2004 funding has been allocated to specific projects. These projects are listed in part C for each county.

***Capital Projects for State Facilities Located in the County:*** Part D for each county shows capital projects, authorized by the fiscal 2004 operating and capital budgets, at State facilities and public colleges and universities by the county in which the facility is located. For facilities that are located in more than one county, such as a State park, the total amount of the capital project is shown for all relevant counties. For each capital project, the total authorized amount is given, regardless of funding source although federally funded projects are generally shown separately. For the universities, projects funded from both academic and auxiliary revenue bonds are included. This section does not include transportation projects.

## Allegany County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$28,403	\$31,758	\$3,355	11.8
Compensatory Education	3,779	7,925	4,146	109.7
Student Transportation	2,940	3,094	154	5.2
Special Education	2,059	3,035	977	47.4
Limited English Proficiency Grants	16	22	6	36.3
Extended Elementary	348	348	0	0.0
Teachers Salary Grant	1,823	376	(1,447)	(79.4)
Aging Schools	355	355	0	0.0
School Technology/Modernization	191	61	(131)	(68.4)
Other Education Aid	6,478	914	(5,565)	(85.9)
Primary and Secondary Education	46,394	47,889	1,495	3.2
Libraries	635	633	(2)	(0.3)
Community Colleges	4,618	4,607	(12)	(0.3)
Health Formula Grant	1,543	1,543	0	0.0
* Transportation	6,408	4,717	(1,692)	(26.4)
* Police and Public Safety	901	879	(22)	(2.4)
* Fire and Rescue Aid	232	232	0	0.0
Recreation and Natural Resources	192	193	1	0.5
Disparity Grant	7,590	7,505	(85)	(1.1)
Property Tax Credits	0	(283)	(283)	n.a.
<b>Total Direct Aid</b>	<b>\$68,514</b>	<b>\$67,914</b>	<b>(\$600)</b>	<b>(0.9)</b>
Aid Per Capita (\$)	904	892	(11)	(1.3)
Property Tax Equivalent (\$)	2.67	2.60	(0.07)	(2.7)

\* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Allegany County for teachers, librarians, community college faculty, and local officials are estimated to be \$4,801,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$3,057,000
Family Health and Primary Care	306,000
Geriatric and Children's Services	674,000
Mental Health	5,930,000
Prevention and Disease Control	827,000
Developmental Disabilities	4,558,000
AIDS	25,000

**Social Services**

Homeless Services	101,000
Women's Services	199,000
Adult Services	154,000
Child Welfare Services	1,495,000

**Senior Citizen Services**

Long-Term Care	310,000
Community Services	89,000

**C. Selected State Grants for Capital Projects****Public Schools**

Cash Valley Elementary School – renovations (roof)	\$240,000
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**Allegany Community College**

Physical Education Building – renovation/expansion	1,300,000
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**Chesapeake Bay Water Quality Loan**

Celanese WWTP – nutrient removal	747,000
Cumberland Combined Sewer – overflow improvements	500,000
Frostburg Combined Sewer – overflow elimination	250,000
George's Creek WWTP – nutrient removal	350,000
Stoney Run/Westernport Septic – upgrade	100,000
Westernport Combined Sewer – overflow improvements	250,000

**Water Supply Assistance Loan**

Mt. Savage – drought relief	500,000
Town of Westernport – raw water line	500,000

**D. Capital Projects for State Facilities in the County****Department of Public Safety & Corrections**

North Branch Correctional Inst. – housing unit/support	30,641,000
North Branch Correctional Inst. – housing unit/support (federal funds)	2,100,000

## Anne Arundel County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$126,159	\$136,875	\$10,716	8.5
Compensatory Education	5,308	10,114	4,806	90.5
Student Transportation	12,899	14,274	1,375	10.7
Special Education	17,299	19,633	2,334	13.5
Limited English Proficiency Grants	1,250	1,618	368	29.4
Extended Elementary	1,295	1,295	0	0.0
Teachers Salary Grant	4,553	0	(4,553)	(100.0)
Aging Schools	570	570	0	0.0
School Technology/Modernization	1,170	749	(422)	(36.0)
Other Education Aid	14,114	3,193	(10,920)	(77.4)
Primary and Secondary Education	184,618	188,321	3,704	2.0
Libraries	1,839	1,868	29	1.6
Community Colleges	22,392	22,533	142	0.6
Health Formula Grant	5,231	5,231	0	0.0
* Transportation	26,201	19,219	(6,982)	(26.6)
* Police and Public Safety	5,925	6,365	440	7.4
* Fire and Rescue Aid	815	818	4	0.4
Recreation and Natural Resources	2,080	2,259	179	8.6
Utility Property Tax Grants	7,820	7,820	0	0.0
* Other Direct Aid	495	495	0	0.0
Property Tax Credits	0	(769)	(769)	n.a.
<b>Total Direct Aid</b>	<b>\$257,415</b>	<b>\$254,162</b>	<b>(\$3,253)</b>	<b>(1.3)</b>
Aid Per Capita (\$)	505	493	(12)	(2.5)
Property Tax Equivalent (\$)	0.68	0.62	(0.06)	(8.8)

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Anne Arundel County for teachers, librarians, community college faculty, and local officials are estimated to be \$33,686,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$2,115,000
Family Health and Primary Care	524,000
Geriatric and Children's Services	1,162,000
Mental Health	20,169,000
Prevention and Disease Control	2,375,000
Developmental Disabilities	29,787,000

#### **Social Services**

Homeless Services	212,000
Women's Services	250,000
Adult Services	185,000
Child Welfare Services	3,581,000

#### **Senior Citizen Services**

Long-Term Care	622,000
Community Services	135,000

**C. Selected State Grants for Capital Projects****Public Schools**

Brooklyn Park Elementary School – renovations (air conditioning)	\$490,000
Center for Applied Technology – North – renovations	547,000
Center for Applied Technology – South – renovations	48,000
Central Middle School – renovations (HVAC)	713,000
Central Special School – renovations (electrical)	54,000
Chesapeake Bay Middle School – renovations (HVAC)	334,000
Chesapeake High School – renovations (HVAC)	624,000
Glen Burnie High School – renovations (HVAC)	1,003,000
Jessup Elementary School – renovations (electrical)	101,000
Magothy River Middle School – renovations (HVAC)	580,000
Point Pleasant Elementary School I – renovations (electrical)	85,000
Point Pleasant Elementary School II – renovations (electrical)	54,000
R.H. Lee Elementary School – renovations (electrical)	45,000
Rippling Woods Elementary School – renovations (electrical)	61,000
Shady Side Elementary School – renovations (electrical)	74,000
South River High School – renovations (boiler)	223,000

**Anne Arundel Community College**

Administrative Services Bldg. – vehicle grounds/storage building	150,000
Center for Applied Learning and Technology	850,000

**Community Mental Health/Addictions/Dev. Disabilities**

Vesta, Inc.	217,000
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**Partnership Rental Housing Program**

Bloomsbury II	1,157,000
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**Chesapeake Bay Water Quality Loan**

Annapolis WWTP – nutrient removal	100,000
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**Other Projects**

Maryland Hall for the Creative Arts	500,000
Parole Plaza – improvements	500,000
State Capital Emergency Management Project	2,000,000

**D. Capital Projects for State Facilities in the County****General Government**

Annapolis – Legislative Facilities	1,772,000
Bloomsbury Square – demolition/parking	700,000

**Department of Public Safety & Corrections**

Correctional Institution for Women – support services/state use buildings	17,408,000
Correctional Institution for Women – upgrade site utilities	3,373,000

**Maryland Environmental Service**

Jessup Correctional Complex – Dorsey roof replacement	140,000
Jessup Correctional Complex – water/wastewater improvements	820,000

## Baltimore City

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$287,163	\$326,132	\$38,969	13.6
Compensatory Education	62,355	128,910	66,555	106.7
Student Transportation	11,333	13,750	2,417	21.3
Special Education	52,737	60,733	7,997	15.2
Limited English Proficiency Grants	1,265	1,739	474	37.5
Extended Elementary	4,135	4,135	0	0.0
Baltimore City Partnership	70,465	28,186	(42,279)	(60.0)
Teachers Salary Grant	15,128	3,549	(11,579)	(76.5)
Aging Schools	1,635	1,635	0	0.0
School Technology/Modernization	3,470	2,010	(1,460)	(42.1)
Other Education Aid	57,731	11,394	(46,336)	(80.3)
Primary and Secondary Education	567,416	582,173	14,757	2.6
Libraries	5,534	5,464	(70)	(1.3)
Health Formula Grant	11,050	11,050	0	0.0
Transportation	172,326	170,509	(1,817)	(1.1)
Police and Public Safety	8,622	8,613	(10)	(0.1)
Fire and Rescue Aid	1,000	992	(9)	(0.8)
Recreation and Natural Resources	2,373	3,414	1,041	43.9
Disparity Grant	76,036	75,061	(975)	(1.3)
Utility Property Tax Grants	453	453	0	0.0
Other Direct Aid	4,831	5,515	684	14.2
Property Tax Credits	0	(766)	(766)	n.a.
<b>Total Direct Aid</b>	<b>\$849,640</b>	<b>\$862,476</b>	<b>\$12,836</b>	<b>1.5</b>
Aid Per Capita (\$)	1,339	1,370	31	2.3
Property Tax Equivalent (\$)	4.32	4.27	(0.05)	(1.1)

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Baltimore City for teachers, librarians, community college faculty, and local officials are estimated to be \$46,079,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$36,674,000
Family Health and Primary Care	3,549,000
Geriatric and Children's Services	6,206,000
Mental Health	95,532,000
Prevention and Disease Control	1,575,000
Developmental Disabilities	39,611,000
AIDS	383,000

#### **Social Services**

Homeless Services	2,174,000
Women's Services	1,249,000
Adult Services	2,764,000
Child Welfare Services	26,494,000

#### **Senior Citizen Services**

Long-Term Care	1,932,000
Community Services	734,000

**C. Selected State Grants for Capital Projects****Public Schools**

General Wolfe Elementary School #23 – renovations	\$360,000
Gwynns Falls Elementary School #60 – renovations (windows/doors)	529,000
Johnston Square Elementary School #16 – renovations (boiler)	360,000
Lakeland Elementary School #12 – construction	966,000
Moravia Park Elementary School #105A – renovations	900,000
Pimlico Elementary School #223 – renovations (boiler/chiller/ATC)	1,442,000
Southern Area Technology Center #70 – construction	2,000,000
Steuart Hill Elementary School #4 – renovations (boiler/chiller)	694,000

**Community Mental Health/Addictions/Dev. Disabilities**

East Baltimore Community Corp. Reflective Treatment Center	1,500,000
Echo House, Inc.	109,000
Glenwood Life	658,000
People Encouraging People, Inc.	167,000
Quarterway Houses, Inc.	124,000

**Shelter & Transitional Facilities**

Bamberger House	325,000
Helping Up Mission	365,000

**Partnership Rental Housing Program**

Claremont Homes	3,260,000
Scattered Sites	374,000

**Chesapeake Bay Water Quality Loan**

Back River WWTP – nutrient removal	200,000
Dead Run System – improvements	174,000
Patapsco Full Scale – nutrient removal	1,393,000

**Other Projects**

African American Museum	1,665,000
Baltimore City Revitalization Projects	9,000,000
Baltimore International College	1,000,000
Baltimore Zoo – redevelopment projects	3,500,000
Good Samaritan Hospital	500,000
Jewish Family Services Building	2,000,000
Johns Hopkins School of Medicine – research building	5,000,000
Johns Hopkins University – chemistry building	2,150,000
Maryland General Hospital	385,000
Maryland Historical Society	1,000,000
Maryland Science Center	3,000,000
Mercy Medical Center	700,000
Mt. Washington Pediatric Hospital	500,000
National Aquarium in Baltimore	1,500,000
National Research and Training Institute for the Blind	1,500,000
Walters Art Museum	1,000,000

**D. Capital Projects for State Facilities in the City****General Government**

State Office Building 2100 Guilford Avenue – addition/renovation	1,009,000
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**Baltimore City Community College**

Liberty Campus – renovate main building	1,192,000
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**Department of Public Safety & Corrections**

Baltimore City Detention Center – renovate utilities	1,948,000
Baltimore City Detention Center – Women's Center	250,000

**Maryland Stadium Authority**

Camden Station – Babe Ruth Museum 3,000,000

**Morgan State University**

Banneker Hall – renovation/telecommunications infrastructure 900,000  
Campuswide – site improvements 2,275,000  
Campuswide – utility upgrades 7,703,000  
Library – construction 48,968,000

**University System of Maryland**

Coppin State – Health and Human Services Building 3,750,000  
Coppin State – Northwest Business Center acquisition 8,000,000  
Coppin State – telecommunications upgrade 1,250,000  
Coppin State – utilities/security systems improvements 285,000  
UMD at Baltimore – Dental School Building construction 47,050,000  
UMD at Baltimore – Howard Hall renovation 4,000,000  
Univ. Baltimore – 1300 N. Charles Street renovation 5,355,000  
Univ. Baltimore – new student center 1,000,000

**Other**

UMD Medical System – diagnostic and treatment facilities 10,000,000

## Baltimore County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$193,266	\$221,238	\$27,972	14.5
Compensatory Education	9,779	28,276	18,498	189.2
Student Transportation	15,810	18,269	2,460	15.6
Special Education	19,905	23,146	3,241	16.3
Limited English Proficiency Grants	2,540	2,902	362	14.2
Extended Elementary	1,190	1,190	0	0.0
Teachers Salary Grant	7,185	0	(7,185)	(100.0)
Aging Schools	2,940	2,940	0	0.0
School Technology/Modernization	1,863	1,322	(541)	(29.0)
Other Education Aid	31,546	7,503	(24,043)	(76.2)
Primary and Secondary Education	286,023	306,786	20,763	7.3
Libraries	3,854	3,963	109	2.8
Community Colleges	33,880	33,805	(75)	(0.2)
Health Formula Grant	7,135	7,135	0	0.0
Transportation	35,346	25,740	(9,606)	(27.2)
Police and Public Safety	9,749	9,519	(230)	(2.4)
Fire and Rescue Aid	1,201	1,198	(2)	(0.2)
Recreation and Natural Resources	2,347	2,555	208	8.9
Utility Property Tax Grants	1,795	1,795	0	0.0
Other Direct Aid	50	50	0	0.0
Property Tax Credits	0	(1,230)	(1,230)	n.a.
<b>Total Direct Aid</b>	<b>\$381,379</b>	<b>\$391,316</b>	<b>\$9,937</b>	<b>2.6</b>
Aid Per Capita (\$)	487	494	7	1.4
Property Tax Equivalent (\$)	0.83	0.82	(0.01)	(1.5)

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Baltimore County for teachers, librarians, community college faculty, and local officials are estimated to be \$52,155,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$4,495,000
Family Health and Primary Care	198,000
Geriatric and Children's Services	2,043,000
Mental Health	36,178,000
Prevention and Disease Control	4,288,000
Developmental Disabilities	45,885,000
AIDS	64,000

**Social Services**

Homeless Services	234,000
Women's Services	619,000
Adult Services	659,000
Child Welfare Services	4,257,000

**Senior Citizen Services**

Long-Term Care	1,453,000
Community Services	244,000

**C. Selected State Grants for Capital Projects****Public Schools**

Berkshire Elementary School – renovations (roof)	\$192,000
Chesapeake High School – science facilities	388,000
Dumbarton Middle School – renovations (mechanical)	1,500,000
Eastern Technical Center – science facilities	201,000
McCormick Elementary School – renovations (boiler)	225,000
Pikesville High School – science facilities	707,000
Randallstown High School – science facilities	772,000
Sparrows Point Middle School – renovations (mechanical)	1,500,000
Sparrows Point Middle/High School – renovations (roof)	788,000
Western School of Technology – renovations (boiler)	300,000
Woodlawn High School – science facilities	66,000

**Baltimore Community College**

Essex – Science/Allied Health Building	135,000
Owings Mills Center	350,000
Systemwide – roof replacements	783,000
Systemwide – telecommunications infrastructure	655,000

**Local Jail Loan**

County Detention Center – expansion	10,000,000
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**Community Mental Health/Addictions/Dev. Disabilities**

Abilities Network, Inc.	1,500,000
ReVisions Community Housing Development Organization, Inc.	281,000

**Chesapeake Bay Water Quality Loan**

Jennifer Branch – stream restoration	100,000
Woodvalley – stream restoration	28,000

**Other Projects**

Chesapeake Village Park	750,000
Chesterwood Park	1,000,000
Goucher College – library	3,000,000
St. Joseph Medical Center	435,000

**D. Capital Projects for State Facilities in the County****Department of Health & Mental Hygiene**

Rosewood Center – renovate Roberts & Jackson Cottages	631,000
Rosewood Center – replace electrical distribution system	300,000

**Maryland State Police**

DNA Storage Facility – construction & equipment	125,000
Forensic Science Laboratory – construction	23,500,000

**University System of Maryland**

Baltimore County – dining hall HVAC upgrade	1,500,000
Baltimore County – Hillcrest demolition	1,000,000
Baltimore County – new parking lot	1,500,000
Baltimore County – new recreation and athletic facilities	3,300,000
Baltimore County – Public Policy Institute Building	2,204,000
Baltimore County – residence hall renovations	2,000,000
Baltimore County – surface lots	750,000
Towson University – Berkshire dining room/pub expansion	1,000,000
Towson University – Fine Arts Building addition/renovate	24,277,000
Towson University – Glen dining renovation	400,000
Towson University – Prettyman/Scarborough HVAC	2,035,000
Towson University – Towson Center Arena improvements	2,200,000
Towson University – Towson Center ground floor improvements	1,000,000
Towson University – Towson Run dining	3,450,000
Towson University – University Union addition and renovation	3,600,000

**Other**

MD Public Television – back-up power system	700,000
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## Calvert County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$39,173	\$44,657	\$5,484	14.0
Compensatory Education	1,459	2,634	1,174	80.5
Student Transportation	2,533	3,616	1,083	42.8
Special Education	1,802	2,757	954	52.9
Limited English Proficiency Grants	42	106	64	152.3
Extended Elementary	454	454	0	0.0
Teachers Salary Grant	531	0	(531)	(100.0)
Aging Schools	65	65	0	0.0
School Technology/Modernization	125	0	(125)	(100.0)
Other Education Aid	3,104	563	(2,541)	(81.9)
Primary and Secondary Education	49,288	54,851	5,562	11.3
Libraries	298	300	2	0.6
Community Colleges	1,062	1,069	7	0.6
Health Formula Grant	624	624	0	0.0
* Transportation	5,207	3,838	(1,369)	(26.3)
* Police and Public Safety	708	694	(14)	(2.0)
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	209	224	15	7.0
Utility Property Tax Grants	6,097	6,097	0	0.0
Property Tax Credits	0	(205)	(205)	n.a.
<b>Total Direct Aid</b>	<b>\$63,694</b>	<b>\$67,691</b>	<b>\$3,997</b>	<b>6.3</b>
Aid Per Capita (\$)	779	805	26	3.4
Property Tax Equivalent (\$)	1.01	1.03	0.02	2.2

\* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Calvert County for teachers, librarians, community college faculty, and local officials are estimated to be \$7,232,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$646,000
Family Health and Primary Care	135,000
Geriatric and Children's Services	343,000
Mental Health	3,685,000
Prevention and Disease Control	651,000
Developmental Disabilities	4,536,000

**Social Services**

Homeless Services	33,000
Women's Services	134,000
Adult Services	96,000
Child Welfare Services	587,000

**Senior Citizen Services**

Long-Term Care	112,000
Community Services	21,000

**C. Selected State Grants for Capital Projects****Public Schools**

Huntingtown High School – construction	\$4,000,000
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**College of Southern Maryland**

La Plata – Physical Education Building	1,115,000
La Plata – Science and Technology Building	674,000
La Plata – WWTP replacement	545,000
Prince Frederick – Academic Complex	750,000

**Local Jail Loan**

County Detention Center – replace master control panel	161,000
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**Adult Day Care Centers**

Calvert Memorial Hospital	709,000
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**Chesapeake Bay Water Quality Loan**

Chesapeake Beach – nutrient removal	50,000
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**D. Capital Projects for State Facilities in the County****Dept. of Housing & Community Development**

Jefferson Patterson Park and Museum – roads and parking	985,000
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## Caroline County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$16,120	\$17,485	\$1,365	8.5
Compensatory Education	1,642	4,162	2,520	153.5
Student Transportation	1,520	1,696	176	11.6
Special Education	617	1,000	383	62.1
Limited English Proficiency Grants	151	185	34	22.5
Extended Elementary	351	351	0	0.0
Teachers Salary Grant	622	197	(424)	(68.3)
Aging Schools	85	85	0	0.0
School Technology/Modernization	53	15	(38)	(71.8)
Other Education Aid	3,555	1,317	(2,237)	(62.9)
Primary and Secondary Education	24,716	26,494	1,778	7.2
Libraries	218	218	0	0.2
Community Colleges	995	998	3	0.3
Health Formula Grant	904	904	0	0.0
* Transportation	4,187	3,071	(1,116)	(26.7)
* Police and Public Safety	318	317	(1)	(0.4)
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	91	99	8	9.2
Disparity Grant	2,456	2,149	(307)	(12.5)
Property Tax Credits	0	(140)	(140)	n.a.
<b>Total Direct Aid</b>	<b>\$34,084</b>	<b>\$34,309</b>	<b>\$226</b>	<b>0.7</b>
Aid Per Capita (\$)	1,110	1,107	(3)	(0.3)
Property Tax Equivalent (\$)	2.47	2.38	(0.09)	(3.5)

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Caroline County for teachers, librarians, community college faculty, and local officials are estimated to be \$2,388,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$355,000
Family Health and Primary Care	141,000
Geriatric and Children's Services	418,000
Mental Health	2,276,000
Prevention and Disease Control	363,000
Developmental Disabilities	1,811,000

#### **Social Services**

Homeless Services	59,000
Women's Services	357,000
Adult Services	83,000
Child Welfare Services	481,000

#### **Senior Citizen Services**

Long-Term Care	554,000
Community Services	98,000

*Note: Women's services funding supports services in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties. Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.*

**C. Selected State Grants for Capital Projects**

**Public Schools**

Denton Elementary School – renovations (roof) \$865,000

**Chesapeake College**

Caroline College Center – renovation/addition 4,756,000

**Chesapeake Bay Water Quality Loan**

Federalsburg WWTP – nutrient removal 375,000

Marshyhope Creek – stream restoration 100,000

**Water Supply Assistance Loan**

Federalsburg – water tower replacement 283,000

**Hazardous Substance Cleanup Program**

Skipjack Chemical Site 175,000

## Carroll County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$67,785	\$75,078	\$7,292	10.8
Compensatory Education	1,989	3,009	1,020	51.3
Student Transportation	5,077	6,347	1,270	25.0
Special Education	4,683	6,081	1,398	29.8
Limited English Proficiency Grants	142	147	5	3.4
Extended Elementary	172	172	0	0.0
Teachers Salary Grant	1,876	0	(1,876)	(100.0)
Aging Schools	385	385	0	0.0
School Technology/Modernization	185	61	(124)	(67.2)
Other Education Aid	4,204	560	(3,644)	(86.7)
Primary and Secondary Education	86,498	91,839	5,341	6.2
Libraries	735	725	(10)	(1.4)
Community Colleges	5,025	5,024	(2)	0.0
Health Formula Grant	2,049	2,049	0	0.0
* Transportation	11,352	8,271	(3,081)	(27.1)
* Police and Public Safety	1,507	1,471	(36)	(2.4)
* Fire and Rescue Aid	259	262	3	1.0
Recreation and Natural Resources	470	508	38	8.2
Property Tax Credits	0	(348)	(348)	n.a.
<b>Total Direct Aid</b>	<b>\$107,895</b>	<b>\$109,801</b>	<b>\$1,906</b>	<b>1.8</b>
Aid Per Capita (\$)	682	684	2	0.3
Property Tax Equivalent (\$)	1.05	1.01	(0.03)	(3.3)

\* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Carroll County for teachers, librarians, community college faculty, and local officials are estimated to be \$11,524,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$2,251,000
Family Health and Primary Care	175,000
Geriatric and Children's Services	457,000
Mental Health	6,466,000
Prevention and Disease Control	1,168,000
Developmental Disabilities	9,179,000

**Social Services**

Homeless Services	91,000
Women's Services	242,000
Adult Services	110,000
Child Welfare Services	1,017,000

**Senior Citizen Services**

Long-Term Care	290,000
Community Services	53,000

**C. Selected State Grants for Capital Projects****Public Schools**

Mt. Airy Middle School – renovations (HVAC)	\$387,000
North Carroll High School – renovations (HVAC)	651,000
North Carroll Middle School – construction	2,500,000

**Carroll Community College**

Nursing and Allied Health Facility	460,000
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**Juvenile Justice Bond Program**

Bowling Brook – construct 48-bed dormitory	498,000
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**Community Mental Health/Addictions/Dev. Disabilities**

Carroll County Heroin Treatment Facility	1,100,000
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**Partnership Rental Housing Program**

Union Bridge	1,500,000
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**Chesapeake Bay Water Quality Loan**

Freedom – nutrient removal	150,000
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**Other Projects**

Carroll County General Hospital	455,000
McDaniel College – academic building	3,000,000

**D. Capital Projects for State Facilities in the County**

**Department of Public Safety & Corrections**

Central Laundry Facility – boiler plant	1,280,000
Public Safety Training Center – construct/renovate	5,275,000

**Maryland Environmental Service**

Springfield Hospital Center – water & wastewater infrastructure improvements	630,000
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## Cecil County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$41,218	\$45,748	\$4,531	11.0
Compensatory Education	2,571	4,821	2,250	87.5
Student Transportation	2,853	3,347	493	17.3
Special Education	2,236	3,364	1,129	50.5
Limited English Proficiency Grants	132	140	8	6.1
Extended Elementary	810	810	0	0.0
Teachers Salary Grant	2,276	568	(1,707)	(75.0)
Aging Schools	355	355	0	0.0
School Technology/Modernization	83	45	(38)	(45.9)
Other Education Aid	3,875	516	(3,360)	(86.7)
Primary and Secondary Education	56,408	59,713	3,305	5.9
Libraries	517	519	2	0.3
Community Colleges	3,456	3,455	(1)	0.0
Health Formula Grant	1,347	1,347	0	0.0
* Transportation	6,472	4,737	(1,735)	(26.8)
* Police and Public Safety	886	865	(21)	(2.3)
* Fire and Rescue Aid	204	204	0	0.0
Recreation and Natural Resources	240	262	22	9.0
Property Tax Credits	0	(189)	(189)	n.a.
<b>Total Direct Aid</b>	<b>\$69,531</b>	<b>\$70,913</b>	<b>\$1,382</b>	<b>2.0</b>
Aid Per Capita (\$)	760	761	1	0.1
Property Tax Equivalent (\$)	1.33	1.28	(0.05)	(4.0)

\* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Cecil County for teachers, librarians, community college faculty, and local officials are estimated to be \$6,766,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$868,000
Family Health and Primary Care	162,000
Geriatric and Children's Services	456,000
Mental Health	5,510,000
Prevention and Disease Control	801,000
Developmental Disabilities	5,229,000

**Social Services**

Homeless Services	40,000
Women's Services	67,000
Adult Services	119,000
Child Welfare Services	1,392,000

**Senior Citizen Services**

Long-Term Care	118,000
Community Services	40,000

**C. Selected State Grants for Capital Projects****Public Schools**

Elkton High School – construction	\$3,300,000
Gilpin Manor Elementary School – renovations (roof)	323,000

**Cecil Community College**

Elkton Center	6,273,000
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**Community Mental Health/Addictions/Dev. Disabilities**

Upper Bay Counseling and Support Services, Inc.	1,500,000
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**Chesapeake Bay Water Quality Loan**

Elkton WWTP – nutrient removal	600,000
Rising Sun – sewer main replacement	100,000

**Water Supply Assistance Loan**

Cecilton – water system upgrade	227,000
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**Hazardous Substance Cleanup Program**

Dwyer Site	175,000
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**D. Capital Projects for State Facilities in the County****Department of Natural Resources**

Elk Neck State Park – dam rehabilitation	150,000
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**Maryland Environmental Service**

Elk Neck State Park – new wastewater pumping station	144,000
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## Charles County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$58,069	\$66,828	\$8,758	15.1
Compensatory Education	2,924	6,917	3,994	136.6
Student Transportation	5,455	6,363	908	16.6
Special Education	3,338	4,207	869	26.0
Limited English Proficiency Grants	136	237	102	74.7
Extended Elementary	1,070	1,070	0	0.0
Teachers Salary Grant	1,728	0	(1,728)	(100.0)
Aging Schools	65	65	0	0.0
School Technology/Modernization	185	49	(136)	(73.5)
Other Education Aid	5,668	1,331	(4,337)	(76.5)
Primary and Secondary Education	78,638	87,067	8,429	10.7
Libraries	629	617	(13)	(2.0)
Community Colleges	5,527	5,562	35	0.6
Health Formula Grant	1,661	1,661	0	0.0
* Transportation	8,096	5,974	(2,122)	(26.2)
* Police and Public Safety	1,125	1,089	(36)	(3.2)
* Fire and Rescue Aid	225	225	1	0.3
Recreation and Natural Resources	424	460	36	8.4
Utility Property Tax Grants	2,523	2,523	0	0.0
Property Tax Credits	0	(286)	(286)	n.a.
<b>Total Direct Aid</b>	<b>\$98,848</b>	<b>\$104,892</b>	<b>\$6,044</b>	<b>6.1</b>
Aid Per Capita (\$)	778	812	34	4.4
Property Tax Equivalent (\$)	1.14	1.13	(0.01)	(0.7)

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Charles County for teachers, librarians, community college faculty, and local officials are estimated to be \$10,317,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$1,442,000
Family Health and Primary Care	171,000
Geriatric and Children's Services	422,000
Mental Health	5,274,000
Prevention and Disease Control	939,000
Developmental Disabilities	7,333,000
AIDS	143,000

#### **Social Services**

Homeless Services	80,000
Women's Services	150,000
Adult Services	164,000
Child Welfare Services	1,419,000

#### **Senior Citizen Services**

Long-Term Care	184,000
Community Services	36,000

**C. Selected State Grants for Capital Projects**

**Public Schools**

Mt. Hope/Nanjemoy Elementary School – renovations (roof/mechanical)	\$618,000
North Point High School – construction	3,000,000
Piccowaxen Middle School – renovations (mechanical)	179,000

**College of Southern Maryland**

La Plata – Physical Education Building	1,115,000
La Plata – Science and Technology Building	674,000
La Plata – WWTP replacement	545,000
Prince Frederick – Academic Complex	750,000

**Chesapeake Bay Water Quality Loan**

Mattawoman WWTP – nutrient removal	500,000
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## Dorchester County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$11,931	\$13,211	\$1,279	10.7
Compensatory Education	1,355	3,103	1,748	129.0
Student Transportation	1,483	1,548	65	4.4
Special Education	489	729	240	49.0
Limited English Proficiency Grants	78	111	33	42.0
Extended Elementary	412	412	0	0.0
Teachers Salary Grant	173	0	(173)	(100.0)
Aging Schools	65	65	0	0.0
School Technology/Modernization	49	0	(49)	(100.0)
Other Education Aid	2,343	703	(1,639)	(70.0)
Primary and Secondary Education	18,379	19,883	1,504	8.2
Libraries	206	210	4	2.0
Community Colleges	899	902	3	0.3
Health Formula Grant	714	714	0	0.0
* Transportation	4,760	3,487	(1,273)	(26.7)
* Police and Public Safety	365	357	(7)	(1.9)
* Fire and Rescue Aid	218	218	0	0.0
Recreation and Natural Resources	78	85	7	8.8
Disparity Grant	1,855	2,344	490	26.4
Utility Property Tax Grants	187	187	0	0.0
Property Tax Credits	0	(154)	(154)	n.a.
<b>Total Direct Aid</b>	<b>\$27,661</b>	<b>\$28,234</b>	<b>\$574</b>	<b>2.1</b>
Aid Per Capita (\$)	884	896	13	1.4
Property Tax Equivalent (\$)	1.68	1.56	(0.12)	(7.1)

\* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Dorchester County for teachers, librarians, community college faculty, and local officials are estimated to be \$2,161,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$1,247,000
Family Health and Primary Care	172,000
Geriatric and Children's Services	412,000
Mental Health	2,276,000
Prevention and Disease Control	420,000
Developmental Disabilities	1,866,000
AIDS	241,000

**Social Services**

Homeless Services	39,000
Women's Services	357,000
Adult Services	114,000
Child Welfare Services	591,000

**Senior Citizen Services**

Long-Term Care	657,000
Community Services	227,000

*Note: Women's services funding supports services in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.*

**C. Selected State Grants for Capital Projects****Public Schools**

Vienna Elementary School – renovations (doors/windows)	\$177,000
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**Chesapeake College**

Caroline College Center – renovation/addition	4,756,000
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**Chesapeake Bay Water Quality Loan**

Cambridge Combined Sewer – overflow improvements	300,000
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## Frederick County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$88,198	\$98,508	\$10,310	11.7
Compensatory Education	2,865	5,828	2,963	103.4
Student Transportation	5,384	7,355	1,970	36.6
Special Education	3,152	4,880	1,728	54.8
Limited English Proficiency Grants	672	821	149	22.2
Extended Elementary	812	812	0	0.0
Teachers Salary Grant	2,466	0	(2,466)	(100.0)
Aging Schools	85	85	0	0.0
School Technology/Modernization	511	209	(302)	(59.1)
Other Education Aid	6,570	741	(5,829)	(88.7)
Primary and Secondary Education	110,715	119,239	8,524	7.7
Libraries	821	847	25	3.1
Community Colleges	5,898	5,913	16	0.3
Health Formula Grant	2,509	2,509	0	0.0
* Transportation	15,374	11,347	(4,027)	(26.2)
* Police and Public Safety	2,057	2,021	(36)	(1.7)
* Fire and Rescue Aid	353	354	1	0.3
Recreation and Natural Resources	495	525	30	6.1
Property Tax Credits	0	(410)	(410)	n.a.
<b>Total Direct Aid</b>	<b>\$138,221</b>	<b>\$142,344</b>	<b>\$4,123</b>	<b>3.0</b>
Aid Per Capita (\$)	661	667	6	0.9
Property Tax Equivalent (\$)	0.99	0.97	(0.02)	(1.8)

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Frederick County for teachers, librarians, community college faculty, and local officials are estimated to be \$15,644,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$1,698,000
Family Health and Primary Care	205,000
Geriatric and Children's Services	480,000
Mental Health	9,544,000
Prevention and Disease Control	1,403,000
Developmental Disabilities	11,879,000
AIDS	44,000

#### **Social Services**

Homeless Services	215,000
Women's Services	70,000
Adult Services	173,000
Child Welfare Services	1,423,000

#### **Senior Citizen Services**

Long-Term Care	255,000
Community Services	67,000

**C. Selected State Grants for Capital Projects**

**Public Schools**

Crestwood Middle School – construction	\$1,000,000
Frederick High School – renovations (chiller)	220,000
Governor Thomas Johnson High School – construction	2,117,000
Thurmont Elementary School – renovations (roof)	186,000
Tuscarora High School – construction	1,500,000
Valley Elementary School – renovations (chiller)	137,000
Walkersville High School – renovations (chiller)	220,000

**Community Mental Health/Addictions/Dev. Disabilities**

Way Station, Inc.	79,000
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**Chesapeake Bay Water Quality Loan**

Ballenger WWTP – nutrient removal	50,000
Brunswick WWTP – nutrient removal	900,000
Frederick City WWTP – nutrient removal	809,000

## Garrett County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$12,157	\$12,764	\$606	5.0
Compensatory Education	1,437	2,465	1,028	71.6
Student Transportation	1,900	1,982	83	4.3
Special Education	584	809	224	38.4
Limited English Proficiency Grants	0	0	0	
Extended Elementary	311	311	0	0.0
Teachers Salary Grant	345	0	(345)	(100.0)
Aging Schools	85	85	0	0.0
School Technology/Modernization	162	0	(162)	(100.0)
Other Education Aid	2,067	513	(1,553)	(75.2)
Primary and Secondary Education	19,048	18,930	(119)	(0.6)
Libraries	174	162	(12)	(7.1)
Community Colleges	2,590	2,585	(5)	(0.2)
Health Formula Grant	730	730	0	0.0
* Transportation	5,364	3,924	(1,441)	(26.9)
* Police and Public Safety	249	241	(8)	(3.2)
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	97	105	8	8.2
Disparity Grant	3,010	4,589	1,579	52.4
Utility Property Tax Grants	12	12	0	0.0
Property Tax Credits	0	(183)	(183)	n.a.
<b>Total Direct Aid</b>	<b>\$31,475</b>	<b>\$31,295</b>	<b>(\$180)</b>	<b>(0.6)</b>
Aid Per Capita (\$)	1,046	1,036	(9)	(0.9)
Property Tax Equivalent (\$)	1.48	1.38	(0.10)	(7.0)

\* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Garrett County for teachers, librarians, community college faculty, and local officials are estimated to be \$2,301,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$580,000
Family Health and Primary Care	301,000
Geriatric and Children's Services	495,000
Mental Health	3,066,000
Prevention and Disease Control	372,000
Developmental Disabilities	1,816,000

**Social Services**

Homeless Services	79,000
Women's Services	65,000
Adult Services	32,000
Child Welfare Services	618,000

**Senior Citizen Services**

Long-Term Care	138,000
Community Services	59,000

**C. Selected State Grants for Capital Projects****Public Schools**

Route 40 Elementary School – construction	\$729,000
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**Garrett Community College**

Fire protection system	193,000
Learning Resource Center	197,000

**Chesapeake Bay Water Quality Loan**

Grantsville – sewer	100,000
Keysers Ridge – sewer	150,000

**D. Capital Projects for State Facilities in the County****Department of Natural Resources**

Swallow Falls State Park – construct canyon trail	600,000
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## Harford County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$94,622	\$105,582	\$10,960	11.6
Compensatory Education	3,866	8,668	4,802	124.2
Student Transportation	6,606	7,943	1,337	20.2
Special Education	5,952	8,291	2,339	39.3
Limited English Proficiency Grants	358	385	27	7.7
Extended Elementary	850	850	0	0.0
Teachers Salary Grant	2,695	0	(2,695)	(100.0)
Aging Schools	400	400	0	0.0
School Technology/Modernization	369	195	(174)	(47.1)
Other Education Aid	6,993	455	(6,538)	(93.5)
Primary and Secondary Education	122,711	132,771	10,060	8.2
Libraries	1,162	1,154	(8)	(0.7)
Community Colleges	7,641	7,748	107	1.4
Health Formula Grant	2,884	2,884	0	0.0
* Transportation	13,189	9,639	(3,550)	(26.9)
* Police and Public Safety	2,171	2,107	(64)	(2.9)
* Fire and Rescue Aid	363	366	3	0.9
Recreation and Natural Resources	695	752	57	8.2
Utility Property Tax Grants	861	861	0	0.0
Property Tax Credits	0	(372)	(372)	n.a.
<b>Total Direct Aid</b>	<b>\$151,676</b>	<b>\$157,909</b>	<b>\$6,234</b>	<b>4.1</b>
Aid Per Capita (\$)	666	685	19	2.8
Property Tax Equivalent (\$)	1.11	1.10	(0.01)	(1.1)

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Harford County for teachers, librarians, community college faculty, and local officials are estimated to be \$16,764,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$1,424,000
Family Health and Primary Care	479,000
Geriatric and Children's Services	706,000
Mental Health	7,972,000
Prevention and Disease Control	1,659,000
Developmental Disabilities	13,297,000
AIDS	25,000

#### **Social Services**

Homeless Services	103,000
Women's Services	339,000
Adult Services	139,000
Child Welfare Services	1,830,000

#### **Senior Citizen Services**

Long-Term Care	332,000
Community Services	67,000

**C. Selected State Grants for Capital Projects**

**Public Schools**

Edgewood Middle School – renovations (HVAC)	\$1,788,000
Magnolia Elementary School – relocatable classrooms	16,000
North Harford High School – construction	2,000,000
North Harford High School – relocatable classrooms	65,000

**Harford Community College**

Bel Air Hall	1,035,000
Havre de Grace Hall – renovation	85,000
Joppa Hall – renovation and additions	3,020,000

**Senior Citizen Activity Centers**

Havre de Grace Senior Center	46,000
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**Shelter & Transitional Facilities**

Harford County Shelter	310,000
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**Chesapeake Bay Water Quality Loan**

Oaklyn Manor Road – sewer petition	200,000
Sod Run WWTP – nutrient removal	50,000

**D. Capital Projects for State Facilities in the County**

**Department of Natural Resources**

Susquehanna State Park – dam rehabilitation	150,000
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## Howard County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$76,546	\$93,011	\$16,465	21.5
Compensatory Education	1,928	4,005	2,076	107.7
Student Transportation	6,946	9,593	2,647	38.1
Special Education	5,471	6,705	1,234	22.6
Limited English Proficiency Grants	1,938	2,118	180	9.3
Extended Elementary	255	255	0	0.0
Teachers Salary Grant	3,334	0	(3,334)	(100.0)
Aging Schools	65	65	0	0.0
School Technology/Modernization	679	497	(182)	(26.8)
Other Education Aid	6,623	894	(5,729)	(86.5)
Primary and Secondary Education	103,784	117,142	13,358	12.9
Libraries	613	627	14	2.4
Community Colleges	9,005	9,095	90	1.0
Health Formula Grant	2,016	2,016	0	0.0
Transportation	13,501	9,988	(3,513)	(26.0)
Police and Public Safety	2,936	2,872	(64)	(2.2)
Fire and Rescue Aid	376	378	2	0.6
Recreation and Natural Resources	1,231	1,333	102	8.3
Other Direct Aid	105	105	0	0.0
Property Tax Credits	0	(375)	(375)	n.a.
<b>Total Direct Aid</b>	<b>\$133,567</b>	<b>\$143,183</b>	<b>\$9,615</b>	<b>7.2</b>
Aid Per Capita (\$)	500	523	24	4.8
Property Tax Equivalent (\$)	0.59	0.59	0.00	(0.1)

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Howard County for teachers, librarians, community college faculty, and local officials are estimated to be \$24,669,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$1,270,000
Family Health and Primary Care	140,000
Geriatric and Children's Services	426,000
Mental Health	6,670,000
Prevention and Disease Control	1,345,000
Developmental Disabilities	15,077,000
AIDS	25,000

**Social Services**

Homeless Services	116,000
Women's Services	243,000
Adult Services	65,000
Child Welfare Services	1,395,000

**Senior Citizen Services**

Long-Term Care	286,000
Community Services	33,000

**C. Selected State Grants for Capital Projects****Public Schools**

Bellows Spring Elementary School – construction	\$572,000
Bryant Woods Elementary School – construction	1,200,000
Forest Ridge Elementary School – construction	490,000
West Friendship Elementary School – construction	2,121,000

**Howard Community College**

Arts and Humanities Instructional Building and Parking Lot	9,641,000
Athletic Fields and Nature Trail	400,000
Exterior Lighting – replacement	415,000
Student Services Building	721,000

**Chesapeake Bay Water Quality Loan**

Little Patuxent WWTP – nutrient removal	100,000
Wilde Lake – phase II stream restoration	125,000

**Other Projects**

YMCA of Central Maryland	1,500,000
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**D. Capital Projects for State Facilities in the County****Department of Public Safety & Corrections**

Patuxent Institution – fire safety improvements	7,427,000
Patuxent Institution – kitchen/dining hall and gatehouse/perimeter security	4,000,000

## Kent County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$4,597	\$4,594	(\$3)	(0.1)
Compensatory Education	343	889	546	159.3
Student Transportation	1,000	1,046	46	4.6
Special Education	366	406	40	10.9
Limited English Proficiency Grants	48	71	23	47.7
Extended Elementary	280	280	0	0.0
Teachers Salary Grant	252	3	(249)	(98.9)
Aging Schools	65	65	0	0.0
School Technology/Modernization	27	0	(27)	(100.0)
Other Education Aid	1,235	515	(720)	(58.3)
Primary and Secondary Education	8,213	7,869	(344)	(4.2)
Libraries	84	84	0	0.5
Community Colleges	450	451	1	0.3
Health Formula Grant	558	558	0	0.0
* Transportation	2,464	1,822	(643)	(26.1)
* Police and Public Safety	199	196	(3)	(1.4)
* Fire and Rescue Aid	207	207	0	0.0
Recreation and Natural Resources	59	63	4	7.6
Property Tax Credits	0	(143)	(143)	n.a.
<b>Total Direct Aid</b>	<b>\$12,233</b>	<b>\$11,106</b>	<b>(\$1,127)</b>	<b>(9.2)</b>
Aid Per Capita (\$)	624	564	(60)	(9.7)
Property Tax Equivalent (\$)	0.84	0.72	(0.12)	(14.0)

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Kent County for teachers, librarians, community college faculty, and local officials are estimated to be \$1,402,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$1,391,000
Family Health and Primary Care	173,000
Geriatric and Children's Services	351,000
Mental Health	2,276,000
Prevention and Disease Control	289,000
Developmental Disabilities	1,168,000

#### **Social Services**

Homeless Services	2,000
Women's Services	357,000
Adult Services	43,000
Child Welfare Services	307,000

#### **Senior Citizen Services**

Long-Term Care	554,000
Community Services	98,000

*Note: Women's services funding supports services in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties. Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.*

**C. Selected State Grants for Capital Project**

**Public Schools**

Galena Middle School – renovations (windows/doors) \$225,000

**Chesapeake College**

Caroline College Center – renovation/addition 4,756,000

**Chesapeake Bay Water Quality Loan**

Chestertown WWTP – nutrient removal 700,000

West Millington – sewer extension 100,000

**Water Supply Assistance Loan**

Millington – water system 130,000

West Millington – water system 280,000

## Montgomery County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$129,061	\$164,336	\$35,276	27.3
Compensatory Education	6,346	20,174	13,828	217.9
Student Transportation	17,469	24,196	6,727	38.5
Special Education	18,577	21,450	2,872	15.5
Limited English Proficiency Grants	15,021	16,168	1,147	7.6
Extended Elementary	1,266	1,266	0	0.0
Teachers Salary Grant	11,826	0	(11,826)	(100.0)
Aging Schools	1,170	1,170	0	0.0
School Technology/Modernization	1,723	1,298	(426)	(24.7)
Other Education Aid	29,159	3,795	(25,364)	(87.0)
Primary and Secondary Education	231,618	253,853	22,234	9.6
Libraries	2,132	2,162	30	1.4
Community Colleges	29,913	29,892	(20)	(0.1)
Health Formula Grant	4,984	4,984	0	0.0
* Transportation	36,723	26,721	(10,002)	(27.2)
* Police and Public Safety	14,430	14,133	(297)	(2.1)
* Fire and Rescue Aid	1,304	1,305	1	0.1
Recreation and Natural Resources	3,131	3,358	227	7.3
Utility Property Tax Grants	2,766	2,766	0	0.0
Property Tax Credits	0	(1,314)	(1,314)	n.a.
<b>Total Direct Aid</b>	<b>\$327,000</b>	<b>\$337,859</b>	<b>\$10,859</b>	<b>3.3</b>
Aid Per Capita (\$)	358	365	7	1.9
Property Tax Equivalent (\$)	0.38	0.35	(0.02)	(5.4)

\* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Montgomery County for teachers, librarians, community college faculty, and local officials are estimated to be \$82,184,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$3,339,000
Family Health and Primary Care	501,000
Geriatric and Children's Services	2,280,000
Mental Health	28,217,000
Prevention and Disease Control	4,360,000
Developmental Disabilities	53,127,000
AIDS	202,000

**Social Services**

Homeless Services	386,000
Women's Services	322,000
Adult Services	571,000
Child Welfare Services	3,854,000

**Senior Citizen Services**

Long-Term Care	1,122,000
Community Services	189,000

**C. Selected State Grants for Capital Projects****Public Schools**

Belmont Elementary School – renovations (boiler)	\$162,000
Cedar Grove Elementary School – renovations (roof)	168,000
Clarksburg Area Middle School – construction	425,000
Col. E. Brooke Lee Middle School – renovations (boiler)	140,000
Damascus High School – relocatable classrooms	50,000
Emory Grove Center – renovations (roof)	142,000
McKenney Hills Center – renovations (roof)	61,000
Quince Orchard Middle School #2 – construction	2,000,000
Ridgeview Middle School – renovations (roof)	319,000
Robert Frost Middle School – renovations (roof)	72,000
Rolling Terrace Elementary School – renovations (roof)	106,000
Somerset Elementary School – construction	2,000,000
Takoma Park Elementary School – renovations (roof)	103,000
Whittier Woods Elementary School – renovations (roof)	127,000
Woodfield Elementary School – renovations (boiler)	162,000

**Local Jail Loan**

County Detention Center – renovation	853,000
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**Community Mental Health/Addictions/Dev. Disabilities**

CHI Centers, Inc.	400,000
Jewish Foundation for Group Homes, Inc.	150,000

**Partnership Rental Housing Program**

Moderately priced dwelling unit (VIII)	1,020,000
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**Chesapeake Bay Water Quality Loan**

Alta Vista – stream restoration	147,000
Blue Plains WWTP – nutrient removal	1,000,000
Brighton Weir – retrofit	306,000

Damascus WWTP – nutrient removal	100,000
Ken Gar Palisades – stormwater wetlands	194,000
Poolesville WWTP – nutrient removal	100,000
Seneca WWTP – nutrient removal	1,145,000

**Other Projects**

Rockville Science, Cultural and Business Resource Center	700,000
Shady Grove Adventist Hospital	700,000
Strathmore Hall Performing Arts Center	6,400,000
Washington Adventist Hospital	700,000

**D. Capital Projects for State Facilities in the County**

**General Government**

New District Court – Rockville	2,700,000
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**University System of Maryland**

Biotechnology Institute – Center for Advanced Research	45,990,000
Shady Grove Educational Center – new garage	18,000,000

## Prince George's County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$342,500	\$380,370	\$37,870	11.1
Compensatory Education	19,759	82,101	62,342	315.5
Student Transportation	21,995	24,820	2,825	12.8
Special Education	38,598	43,790	5,192	13.5
Limited English Proficiency Grants	9,297	10,789	1,492	16.0
Extended Elementary	1,732	1,732	0	0.0
Teachers Salary Grant	9,114	0	(9,114)	(100.0)
Aging Schools	970	970	0	0.0
School Technology/Modernization	2,976	1,727	(1,249)	(42.0)
Other Education Aid	79,238	10,261	(68,977)	(87.1)
Primary and Secondary Education	526,179	556,559	30,380	5.8
Libraries	5,237	5,236	(1)	0.0
Community Colleges	18,653	18,600	(53)	(0.3)
Health Formula Grant	8,268	8,268	0	0.0
* Transportation	32,343	23,393	(8,950)	(27.7)
* Police and Public Safety	17,629	17,391	(238)	(1.4)
* Fire and Rescue Aid	1,117	1,113	(4)	(0.4)
Recreation and Natural Resources	2,649	2,887	238	9.0
Disparity Grant	14,753	6,793	(7,960)	(54.0)
Utility Property Tax Grants	7,745	7,745	0	0.0
* Other Direct Aid	181	181	0	0.0
Property Tax Credits	0	(1,162)	(1,162)	n.a.
<b>Total Direct Aid</b>	<b>\$634,755</b>	<b>\$647,005</b>	<b>\$12,250</b>	<b>1.9</b>
Aid Per Capita (\$)	763	768	6	0.7
Property Tax Equivalent (\$)	1.45	1.41	(0.05)	(3.2)

\* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Prince George's County for teachers, librarians, community college faculty, and local officials are estimated to be \$56,214,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$7,851,000
Family Health and Primary Care	738,000
Geriatric and Children's Services	2,848,000
Mental Health	32,020,000
Prevention and Disease Control	4,039,000
Developmental Disabilities	48,758,000
AIDS	312,000

**Social Services**

Homeless Services	570,000
Women's Services	383,000
Adult Services	604,000
Child Welfare Services	5,336,000

**Senior Citizen Services**

Long-Term Care	802,000
Community Services	194,000

**C. Selected State Grants for Capital Projects****Public Schools**

Bladensburg High School – construction	\$2,600,000
Colmar Manor Elementary School – construction	2,000,000
Greater Capitol Heights Elementary School – construction	1,771,000
Melwood Elementary School – construction	292,000

**Prince George's Community College**

Campuswide – energy management system upgrade	165,000
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**Local Jail Loan**

County Correctional Center – expansion	451,000
County Detention Center – renovate housing unit	72,000

**Community Mental Health/Addictions/Dev. Disabilities**

Community Crisis Services, Inc.	100,000
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**Chesapeake Bay Water Quality Loan**

Blue Plains WWTP – nutrient removal	1,000,000
Bowie – nutrient removal	150,000
Piscataway WWTP – nutrient removal	100,000

**Other Projects**

Doctors Community Hospital	1,625,000
Foundation School	500,000
Gateway Arts District	350,000
Phelps Center	570,000

**D. Capital Projects for State Facilities in the County**

**University System of Maryland**

Bowie State – Center for Business and Graduate Studies	949,000
College Park – Biological Sciences Research Building	2,935,000
College Park – Engineering and Applied Sciences Building	4,000,000
College Park – Fraternity/Sorority Houses renovation	5,325,000
College Park – Health Center addition and renovation	1,050,000
College Park – Intercollegiate Athletic Field	4,960,000
University College – new parking garage	4,500,000

## Queen Anne's County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$13,760	\$15,360	\$1,600	11.6
Compensatory Education	656	1,104	448	68.3
Student Transportation	1,763	2,090	326	18.5
Special Education	622	915	293	47.1
Limited English Proficiency Grants	36	68	32	89.3
Extended Elementary	351	351	0	0.0
Teachers Salary Grant	420	0	(420)	(100.0)
Aging Schools	85	85	0	0.0
School Technology/Modernization	64	11	(53)	(82.3)
Other Education Aid	1,522	403	(1,119)	(73.5)
Primary and Secondary Education	19,279	20,386	1,108	5.7
Libraries	139	129	(10)	(6.9)
Community Colleges	1,184	1,188	3	0.3
Health Formula Grant	697	697	0	0.0
* Transportation	4,709	3,450	(1,259)	(26.7)
* Police and Public Safety	386	373	(13)	(3.3)
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	127	135	8	6.3
Property Tax Credits	0	(159)	(159)	n.a.
<b>Total Direct Aid</b>	<b>\$26,721</b>	<b>\$26,399</b>	<b>(\$322)</b>	<b>(1.2)</b>
Aid Per Capita (\$)	620	601	(19)	(3.0)
Property Tax Equivalent (\$)	0.74	0.66	(0.07)	(9.9)

\* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Queen Anne's County for teachers, librarians, community college faculty, and local officials are estimated to be \$3,165,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$465,000
Family Health and Primary Care	115,000
Geriatric and Children's Services	466,000
Mental Health	2,276,000
Prevention and Disease Control	557,000
Developmental Disabilities	2,468,000

**Social Services**

Homeless Services	14,000
Women's Services	357,000
Adult Services	32,000
Child Welfare Services	472,000

**Senior Citizen Services**

Long-Term Care	116,000
Community Services	32,000

*Note: Women's services funding supports services in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties.*

**C. Selected State Grants for Capital Projects****Public Schools**

Kent Island Area Elementary School – construction	\$1,381,000
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**Chesapeake College**

Caroline College Center – renovation/addition	4,756,000
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**Chesapeake Bay Water Quality Loan**

Centreville WWTP – nutrient removal	1,000,000
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Kent Island WWTP – nutrient removal	1,000,000
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**D. Capital Projects for State Facilities in the County****General Government**

Centreville District Court/Multiservice Center	145,000
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## St. Mary's County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$36,821	\$42,592	\$5,771	15.7
Compensatory Education	2,519	4,428	1,909	75.8
Student Transportation	3,483	4,028	546	15.7
Special Education	2,257	2,976	718	31.8
Limited English Proficiency Grants	187	257	70	37.3
Extended Elementary	873	873	0	0.0
Teachers Salary Grant	1,028	0	(1,028)	(100.0)
Aging Schools	85	85	0	0.0
School Technology/Modernization	170	38	(132)	(77.8)
Other Education Aid	3,349	556	(2,792)	(83.4)
Primary and Secondary Education	50,773	55,833	5,060	10.0
Libraries	484	467	(17)	(3.5)
Community Colleges	1,551	1,560	10	0.6
Health Formula Grant	1,341	1,341	0	0.0
* Transportation	6,277	4,642	(1,635)	(26.0)
* Police and Public Safety	789	769	(20)	(2.6)
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	234	254	20	8.6
Property Tax Credits	0	(236)	(236)	n.a.
<b>Total Direct Aid</b>	<b>\$61,648</b>	<b>\$64,830</b>	<b>\$3,182</b>	<b>5.2</b>
Aid Per Capita (\$)	687	714	27	3.9
Property Tax Equivalent (\$)	1.11	1.13	0.01	1.2

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for St. Mary's County for teachers, librarians, community college faculty, and local officials are estimated to be \$6,513,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$1,812,000
Family Health and Primary Care	135,000
Geriatric and Children's Services	432,000
Mental Health	4,917,000
Prevention and Disease Control	653,000
Developmental Disabilities	5,244,000

#### **Social Services**

Homeless Services	69,000
Women's Services	223,000
Adult Services	130,000
Child Welfare Services	1,111,000

#### **Senior Citizen Services**

Long-Term Care	115,000
Community Services	61,000

**C. Selected State Grants for Capital Projects****Public Schools**

Margaret Brent Middle School – construction	\$3,027,000
Mechanicsville Elementary School – renovations (roof)	354,000

**College of Southern Maryland**

La Plata – Physical Education Building	1,115,000
La Plata – Science and Technology Building	674,000
La Plata – WWTP replacement	545,000
Prince Frederick – Academic Complex	750,000

**Community Mental Health/Addictions/Dev. Disabilities**

The Center for Life Enrichment, Inc.	128,000
The Rock Creek Foundation for Mental Health, Inc.	113,000

**Chesapeake Bay Water Quality Loan**

Leonardtown WWTP – nutrient removal	931,000
Marlay Taylor WWTP – nutrient removal	100,000

**D. Capital Projects for State Facilities in the County****Historic St. Mary's City Commission**

Maryland Dove Waterfront Site – construct new pathway	290,000
William Nuthead Print House – construct and equip replica	645,000

**Maryland Environmental Service**

St. Mary's College – water/wastewater system upgrades	362,000
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**St. Mary's College**

Academic Building – construction	2,500,000
Somerset Hall – addition and renovations	1,150,000
Student Services Building – construction	1,900,000

## Somerset County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$8,543	\$9,182	\$638	7.5
Compensatory Education	1,404	3,008	1,604	114.3
Student Transportation	1,144	1,218	74	6.5
Special Education	404	575	171	42.2
Limited English Proficiency Grants	77	83	6	7.7
Extended Elementary	310	310	0	0.0
Teachers Salary Grant	450	107	(342)	(76.2)
Aging Schools	65	65	0	0.0
School Technology/Modernization	27	0	(27)	(100.0)
Other Education Aid	1,577	90	(1,486)	(94.3)
Primary and Secondary Education	14,000	14,638	638	4.6
Libraries	223	223	(1)	(0.3)
Community Colleges	552	571	20	3.6
Health Formula Grant	707	707	0	0.0
* Transportation	2,906	2,142	(764)	(26.3)
* Police and Public Safety	236	231	(5)	(2.0)
* Fire and Rescue Aid	212	212	0	0.0
Recreation and Natural Resources	56	61	5	9.6
Disparity Grant	4,289	4,348	59	1.4
Property Tax Credits	0	(158)	(158)	n.a.
<b>Total Direct Aid</b>	<b>\$23,180</b>	<b>\$22,975</b>	<b>(\$205)</b>	<b>(0.9)</b>
Aid Per Capita (\$)	916	901	(15)	(1.7)
Property Tax Equivalent (\$)	3.06	2.91	(0.14)	(4.7)

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Somerset County for teachers, librarians, community college faculty, and local officials are estimated to be \$1,423,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$691,000
Family Health and Primary Care	74,000
Geriatric and Children's Services	367,000
Mental Health	1,863,000
Prevention and Disease Control	369,000
Developmental Disabilities	1,505,000

#### **Social Services**

Homeless Services	8,000
Women's Services	305,000
Adult Services	45,000
Child Welfare Services	580,000

#### **Senior Citizen Services**

Long-Term Care	657,000
Community Services	227,000

*Note: Women's services funding supports services in Somerset, Wicomico, and Worcester counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.*

**C. Selected State Grants for Capital Projects**

**Public Schools**

Princess Anne Elementary School – renovations (HVAC) \$163,000

**D. Capital Projects for State Facilities in the County**

**Department of Public Safety & Corrections**

Eastern Correctional Inst. – minimum security housing unit 3,422,000

**Maryland Environmental Service**

Eastern Correctional Inst. Co-Generation Facility – wastewater improvements 1,148,000

**University System of Maryland**

Eastern Shore – physical plant/central receiving building 458,000

Eastern Shore – social science/education/health building 4,729,000

Eastern Shore – utilities upgrade and site improvements 6,100,000

Eastern Shore – Wicomico Hall renovation 3,900,000

## Talbot County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$1,400	\$5,025	\$3,625	258.9
Compensatory Education	371	878	506	136.3
Student Transportation	945	1,034	88	9.3
Special Education	277	332	55	19.9
Limited English Proficiency Grants	122	166	44	36.2
Extended Elementary	315	315	0	0.0
Teachers Salary Grant	260	0	(260)	(100.0)
Aging Schools	155	155	0	0.0
School Technology/Modernization	64	11	(53)	(82.3)
Other Education Aid	1,557	451	(1,105)	(71.0)
Primary and Secondary Education	5,466	8,367	2,901	53.1
Libraries	82	83	1	0.9
Community Colleges	1,121	1,124	3	0.3
Health Formula Grant	551	551	0	0.0
* Transportation	3,834	2,817	(1,017)	(26.5)
* Police and Public Safety	398	392	(5)	(1.4)
* Fire and Rescue Aid	212	212	0	0.0
Recreation and Natural Resources	134	142	8	5.8
Property Tax Credits	0	(191)	(191)	n.a.
<b>Total Direct Aid</b>	<b>\$11,798</b>	<b>\$13,497</b>	<b>\$1,699</b>	<b>14.4</b>
Aid Per Capita (\$)	339	385	46	13.4
Property Tax Equivalent (\$)	0.29	0.30	0.01	3.8

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Talbot County for teachers, librarians, community college faculty, and local officials are estimated to be \$2,171,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$523,000
Family Health and Primary Care	272,000
Geriatric and Children's Services	282,000
Mental Health	2,276,000
Prevention and Disease Control	394,000
Developmental Disabilities	2,057,000
AIDS	25,000

#### **Social Services**

Homeless Services	36,000
Women's Services	357,000
Adult Services	52,000
Child Welfare Services	577,000

#### **Senior Citizen Services**

Long-Term Care	554,000
Community Services	98,000

*Note: Women's services funding supports services in Caroline, Dorchester, Kent, Queen Anne's, and Talbot counties. Senior citizen services funding supports services in Caroline, Kent, and Talbot counties.*

**C. Selected State Grants for Capital Projects****Chesapeake College**

Caroline College Center – renovation/addition	\$4,756,000
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**Chesapeake Bay Water Quality Loan**

Easton – nutrient removal	100,000
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**D. Capital Projects for State Facilities in the County****Maryland State Police**

Easton Barrack/Garage/Communications Building – construction	5,300,000
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## Washington County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$47,490	\$53,533	\$6,044	12.7
Compensatory Education	3,127	7,665	4,537	145.1
Student Transportation	3,797	4,125	328	8.6
Special Education	3,254	4,322	1,067	32.8
Limited English Proficiency Grants	203	218	16	7.7
Extended Elementary	599	599	0	0.0
Teachers Salary Grant	1,383	0	(1,383)	(100.0)
Aging Schools	200	200	0	0.0
School Technology/Modernization	468	290	(179)	(38.1)
Other Education Aid	5,428	1,078	(4,350)	(80.1)
Primary and Secondary Education	65,949	72,030	6,080	9.2
Libraries	852	857	5	0.6
Community Colleges	5,140	5,157	17	0.3
Health Formula Grant	2,308	2,308	0	0.0
* Transportation	10,014	7,379	(2,635)	(26.3)
* Police and Public Safety	1,396	1,356	(39)	(2.8)
* Fire and Rescue Aid	225	226	1	0.3
Recreation and Natural Resources	366	400	34	9.3
Disparity Grant	1,987	214	(1,774)	(89.3)
Utility Property Tax Grants	357	357	0	0.0
Property Tax Credits	0	(357)	(357)	n.a.
<b>Total Direct Aid</b>	<b>\$88,594</b>	<b>\$89,926</b>	<b>\$1,332</b>	<b>1.5</b>
Aid Per Capita (\$)	654	659	4	0.7
Property Tax Equivalent (\$)	1.26	1.23	(0.03)	(2.3)

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Washington County for teachers, librarians, community college faculty, and local officials are estimated to be \$8,878,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$2,346,000
Family Health and Primary Care	133,000
Geriatric and Children's Services	746,000
Mental Health	9,968,000
Prevention and Disease Control	1,206,000
Developmental Disabilities	8,025,000
AIDS	205,000

#### **Social Services**

Homeless Services	233,000
Women's Services	206,000
Adult Services	250,000
Child Welfare Services	2,181,000

#### **Senior Citizen Services**

Long-Term Care	366,000
Community Services	100,000

**C. Selected State Grants for Capital Projects**

**Public Schools**

Northern Middle School – renovations (boiler)	\$253,000
Salem Avenue Elementary School – construction	1,750,000

**Hagerstown College**

Career Programs Building – renovation	393,000
Reroof five buildings (phase II)	256,000

**Juvenile Justice Bond Program**

San Mar Children's Home – construct 12-bed shelter	400,000
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**Community Mental Health/Addictions/Dev. Disabilities**

Turning Point of Washington County, Inc.	350,000
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**Partnership Rental Housing Program**

Hagerstown HOPE VI	2,689,000
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**Chesapeake Bay Water Quality Loan**

Boonsboro WWTP – improvements	50,000
Funkstown – wastewater lagoons 2 and 3	150,000
Hagerstown WWTP – nutrient removal	250,000
Rolling Hills – sewage collection and conveyance	76,000

**Water Supply Assistance Loan**

Pen Mar – water system	580,000
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**D. Capital Projects for State Facilities in the County****Maryland State Police**

Hagerstown Barrack/Garage/Communications Building – construction	985,000
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**Department of Natural Resources**

Fort Frederick State Park – officers' quarters	140,000
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**Maryland Environmental Service**

Maryland Correctional Institution Hagerstown – water tower repair	393,000
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**University System of Maryland**

Hagerstown Educational Center	1,250,000
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## Wicomico County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$36,774	\$41,873	\$5,099	13.9
Compensatory Education	3,532	8,198	4,666	132.1
Student Transportation	2,853	3,319	466	16.3
Special Education	1,396	2,150	753	53.9
Limited English Proficiency Grants	353	405	52	14.7
Extended Elementary	790	790	0	0.0
Teachers Salary Grant	2,095	502	(1,592)	(76.0)
Aging Schools	355	355	0	0.0
School Technology/Modernization	173	79	(94)	(54.3)
Other Education Aid	4,711	656	(4,055)	(86.1)
Primary and Secondary Education	53,033	58,327	5,294	10.0
Libraries	605	619	13	2.2
Community Colleges	2,991	3,098	106	3.6
Health Formula Grant	1,586	1,586	0	0.0
* Transportation	7,619	5,579	(2,040)	(26.8)
* Police and Public Safety	967	922	(45)	(4.6)
* Fire and Rescue Aid	233	233	0	0.0
Recreation and Natural Resources	245	267	22	9.1
Disparity Grant	3,203	2,829	(375)	(11.7)
Property Tax Credits	0	(273)	(273)	n.a.
<b>Total Direct Aid</b>	<b>\$70,483</b>	<b>\$73,186</b>	<b>\$2,703</b>	<b>3.8</b>
Aid Per Capita (\$)	792	810	18	2.2
Property Tax Equivalent (\$)	1.72	1.71	0.00	(0.1)

\* Municipal governments within the county receive a share of these funds.

## 2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Wicomico County for teachers, librarians, community college faculty, and local officials are estimated to be \$6,448,000.

### **B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

#### **Health Services**

Alcohol and Drug Abuse	\$1,367,000
Family Health and Primary Care	239,000
Geriatric and Children's Services	805,000
Mental Health	7,183,000
Prevention and Disease Control	823,000
Developmental Disabilities	5,149,000
AIDS	67,000

#### **Social Services**

Homeless Services	33,000
Women's Services	305,000
Adult Services	79,000
Child Welfare Services	893,000

#### **Senior Citizen Services**

Long-Term Care	657,000
Community Services	227,000

*Note: Women's services funding supports services in Somerset, Wicomico, and Worcester counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.*

**C. Selected State Grants for Capital Projects**

**Public Schools**

Beaver Run Elementary School – renovations (lighting)	\$210,000
Westside Primary School – renovations (HVAC)	369,000

**Wor–Wic Tech Community College**

Maintenance Building – construction	538,000
Student Center – addition	4,963,000

**Chesapeake Bay Water Quality Loan**

Fruitland WWTP – nutrient removal	450,000
Salisbury WWTP – nutrient removal	500,000

**D. Capital Projects for State Facilities in the County**

**University System of Maryland**

Salisbury University – teacher education and technology center	1,250,000
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## Worcester County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2003</u>	<u>FY 2004</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$2,474	\$7,692	\$5,218	210.9
Compensatory Education	630	1,517	887	140.8
Student Transportation	1,707	1,954	248	14.5
Special Education	277	426	149	53.8
Limited English Proficiency Grants	92	114	22	23.6
Extended Elementary	282	282	0	0.0
Teachers Salary Grant	714	0	(714)	(100.0)
Aging Schools	65	65	0	0.0
School Technology/Modernization	98	15	(83)	(84.8)
Other Education Aid	2,956	448	(2,508)	(84.8)
Primary and Secondary Education	9,295	12,514	3,219	34.6
Libraries	116	119	3	2.7
Community Colleges	1,435	1,486	51	3.6
Health Formula Grant	538	538	0	0.0
* Transportation	5,880	4,354	(1,527)	(26.0)
* Police and Public Safety	661	650	(11)	(1.6)
* Fire and Rescue Aid	244	244	0	0.0
Recreation and Natural Resources	240	253	13	5.5
Property Tax Credits	0	(308)	(308)	n.a.
<b>Total Direct Aid</b>	<b>\$18,408</b>	<b>\$19,850</b>	<b>\$1,441</b>	<b>7.8</b>
Aid Per Capita (\$)	362	380	19	5.1
Property Tax Equivalent (\$)	0.25	0.24	(0.01)	(5.5)

\* Municipal governments within the county receive a share of these funds.

2. Retirement Payments

County teachers and librarians are members of either the teachers' retirement or pension systems maintained and operated by the State. Community college faculty may also be members of these systems. The State pays the employer share on behalf of the subdivisions for these local employees as well as certain elected local officials such as sheriffs and state's attorneys. Fiscal 2004 State payments for Worcester County for teachers, librarians, community college faculty, and local officials are estimated to be \$3,559,000.

**B. Estimated State Spending on Selected Health and Social Services**

The Departments of Aging, Human Resources, and Health and Mental Hygiene fund the provision of health and social services in the counties either through the local government, private providers, or State agencies in the counties. What follows are estimates of fiscal 2004 general and special fund allocations for various programs. Note that for many programs the amounts shown for a county are based on the county's share of prior year funding (fiscal 2003) and may change. See the discussion at the beginning of this section for more detail on the types of services funded by the State.

**Health Services**

Alcohol and Drug Abuse	\$1,549,000
Family Health and Primary Care	184,000
Geriatric and Children's Services	458,000
Mental Health	3,523,000
Prevention and Disease Control	591,000
Developmental Disabilities	2,831,000
AIDS	9,000

**Social Services**

Homeless Services	33,000
Women's Services	330,000
Adult Services	46,000
Child Welfare Services	711,000

**Senior Citizen Services**

Long-Term Care	657,000
Community Services	227,000

*Note: Women's services funding supports services in Somerset, Wicomico, and Worcester counties. Senior citizen services funding supports services in Dorchester, Somerset, Wicomico, and Worcester counties.*

**C. Selected State Grants for Capital Projects****Public Schools**

Snow Hill High School – renovations (roof) \$376,000

**Wor–Wic Tech Community College**

Maintenance Building – construction 538,000  
Student Center – addition 4,963,000

**Adult Day Care Centers**

Worcester County Commissioners/Brick Haven 1,000,000

**Senior Citizen Activity Centers**

Snow Hill Senior Center 486,000

**D. Capital Projects for State Facilities in the County****Department of Natural Resources**

Ocean City – beach replenishment 2,000,000