

## **Part A**

# **Budget and State Aid**

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### **Operating Budget**

Efforts to balance the budget over the past several years largely centered on a combination of budget reductions, one-time fund transfers, imposition of short-term revenue increases, and to a lesser extent ongoing revenue enhancements. These efforts ensured balance on a cash basis, but failed to address the underlying problem. Legislation to permit video lottery terminals at horse racing facilities, a key component of the newly elected Governor's plan to fund education aid and address the structured budget deficit, failed at the 2003 session.

### **Budget in Brief**

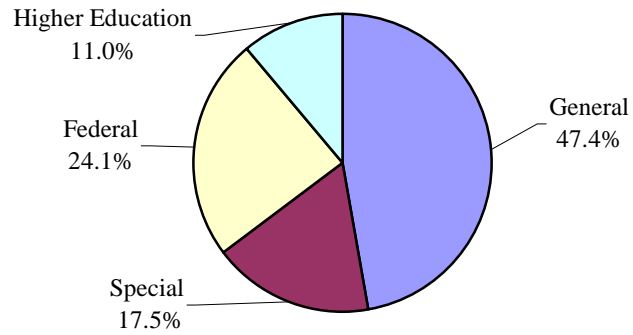
Governor Ehrlich introduced a fiscal 2005 spending plan that again relied upon one-time revenues, limited ongoing revenues, and contingent budget reductions. The Administration's vision for fiscal equilibrium in subsequent years again relied upon the introduction of video lottery terminals, a position later endorsed by passage through the Senate.

The House of Delegates developed an alternative concept built around a package of revenue enhancements offset by property tax relief and expansion of the refundable earned income tax credit. These issues were ultimately resolved by the failure to adopt any major ongoing revenue measures, and a flurry of activity in the final days of session to produce a balanced operating budget, budget reconciliation and revenue legislation, and a capital budget.

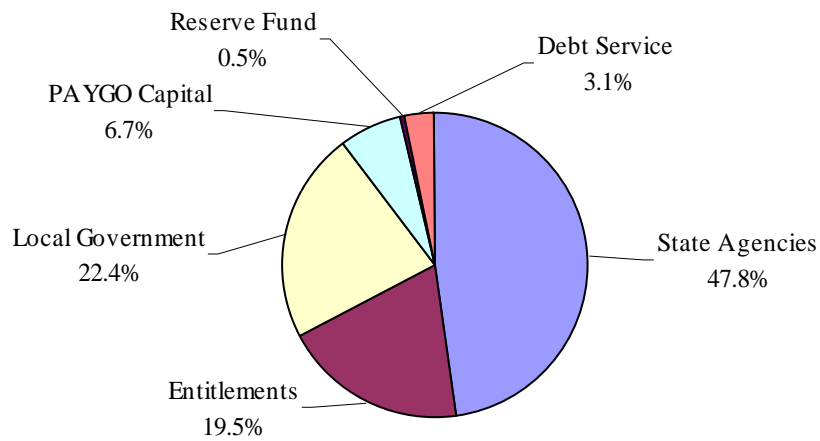
As enacted, the Budget Bill, *Senate Bill 125 (enacted)*, provides \$23.6 billion in appropriations for fiscal 2005, an increase of \$710.5 million (3.1%) over fiscal 2004. **Exhibit A-1.1** illustrates funding by type of revenue. Slightly less than one-half of the budget is supported by general funds, with lesser proportions supported by dedicated special funds, federal aid, and higher education dollars. State agency operations constitute the largest area of spending, representing 47.8 percent of the total budget. Aid to local governments accounts for 22.4 percent of the budget, and 19.5 percent supports entitlement programs.

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**Exhibit A-1.1**  
**Maryland's \$23.6 Billion Budget**  
**Where It Comes from: Budget by Fund Source**



**Where It Goes: Budget by Purpose**



Remaining appropriations fund PAYGO capital spending, pay debt service on State general obligation bonds, and set aside funds in accounts of the State's Reserve Fund.

General fund spending grows \$887.6 million, or 8.6 percent above the fiscal 2004 level. Ongoing spending rises 7.7 percent, when appropriations to the State Reserve Fund and for PAYGO capital are excluded. General fund budget growth is driven mostly by spending on entitlements and aid to local jurisdictions, which grow 11.2 percent and 8.5 percent respectively. State aid increases primarily due to Chapter 288, Acts of 2002, the Bridge to Excellence in Public Schools Act, which mandates substantial annual increases in education aid through fiscal 2008. Entitlement spending is driven mostly by the Medicaid program and reflects the substitution of general funds for one-time federal and special funds received in fiscal 2004. Within State agencies, another \$90 million is provided to substitute for one-time federal aid that was received in fiscal 2004 and used to fund the Department of State Police budget. Funding for a number of small enhancements was included for need-based scholarships, a second phase of personnel to reduce public defender caseloads, juvenile justice programs, and substance abuse treatment.

Higher education fund appropriations increase by \$118.9 million, or 4.8 percent in fiscal 2005. Most of this additional spending reflects tuition and other revenue growth. Federal and special fund appropriations both decrease in the budget. Special funds decrease by \$133.4 million, or 3.1 percent due largely to project cash flow in the transportation capital program. Federal funds decline \$162.7 million, or 2.8 percent due again to transportation capital cash flow but also due to the one-time federal aid that was received in fiscal 2004 that artificially boosted the appropriation.

Actions related to State personnel provide for a \$752 per employee general salary increase, salary increments, selected position reclassifications, and more generally for fringe benefit cost increases. A position cap was again adopted for fiscal 2005, with the modification that it now only applies to non-higher education positions in the Executive Branch. The cap was set at 52,834 regular authorized positions, which will require the abolition of another 351 positions by the Governor by June 15, 2004. Funding for the employee deferred compensation match program was again deleted from the budget as a cost savings measure. For a more detailed discussion of personnel issues see the subpart "Personnel" within this Part A.

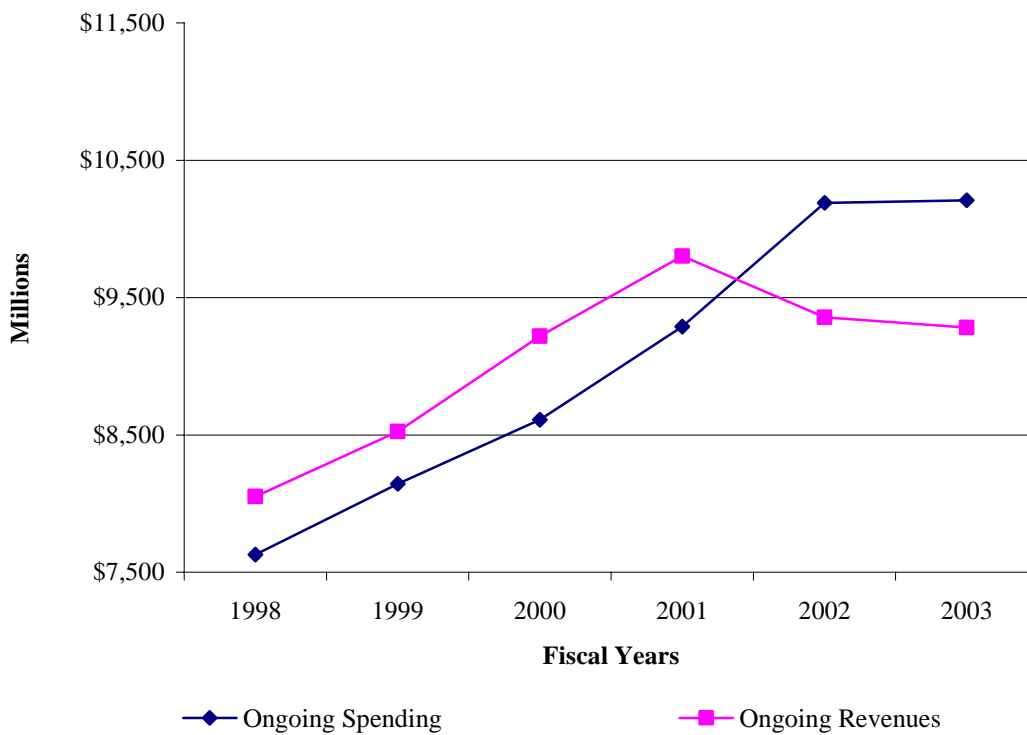
## **Framing the Session**

### **What Is Past Is Prologue**

The circumstances facing the General Assembly in 2004 were shaped by events and actions that were set in motion as early as 2001, as general fund revenues fell during the economic downturn that began in March 2001 and were exacerbated by terrorist action in September 2001. Legislation enacted in 2002 established annual funding mandates for local education aid, but contained a "trigger" provision that had to be acted upon in 2004.

**Revenue Decline:** As indicated in **Exhibit A-1.2**, actual ongoing general fund revenue attainment fell 5 percent in fiscal 2002 and another 1 percent in 2003. Although efforts were undertaken to reduce spending, appropriations were not reduced to the level that revenues had fallen. So, even though economic activity has improved recently the growth is from a lower base.

**Exhibit A-1.2**  
**Ongoing Revenue and Expenditure Trends**  
**Fiscal 1998 – 2003**



**Bridge to Excellence in Public Schools Act Developments:** Chapter 288, Acts of 2002 mandated significant increases in primary and secondary education aid. The legislation required roughly 10 percent increases in education aid, which was expected to result in a cumulative increase of \$1.3 billion by fiscal 2008. First year funding was provided by an increase in the cigarette tax, but revenue to fully fund complete implementation was not provided.

A provision in the bill stipulated that full funding would remain in effect only if the legislature affirmed its affordability by joint resolution during the 2004 session. Otherwise, lesser increases of about 5 percent annually would go into effect. On July 2, 2003, the Attorney

General issued an opinion that the joint resolution “trigger” could be an unconstitutional legislative veto. This new wrinkle complicated consideration of the “trigger” issue during the session.

### **2003 Interim Activity**

Significant federal and State actions during the 2003 interim impacted the general fund balance and required subsequent adjustments by the executive to ensure balance. The cumulative effect of vetoed legislation, one-time federal aid, budget reductions, revenue revisions, and the recommendations of the Spending Affordability Committee served to frame the 2004 session and the decisions required by the legislature.

### **Corporate/Health Maintenance Organizations Tax Veto**

House Bill 753, passed during the 2003 session, would have contributed \$135 million toward the general fund balance through changes in State corporate income tax law (principally to address use of Delaware Holding Companies), imposition of a 10 percent corporate income tax surcharge for three years, and application of the 2 percent insurance premium tax to health maintenance organizations and Medicaid managed care organizations. The Governor vetoed the legislation in May 2003, creating a roughly \$100 million hole in the fiscal 2004 projected general fund end-of-year balance.

### **One-time Federal Funds**

In May 2003 the President signed the Jobs and Growth Tax Relief Reconciliation Act of 2003 into law, which implemented certain federal tax cuts over a 10-year period but also provided the states with one-time fiscal assistance. Maryland received approximately \$350 million distributed between fiscal 2003 (\$123 million) and 2004 (\$127 million). This was comprised of general aid (\$90 million each year) that was used to supplant general funds in the State Police budget each year, and increased reimbursements for the Medicaid program. This unexpected aid more than offset the revenue loss due to the veto of House Bill 753, and was the primary reason the State ended fiscal 2003 with a \$122.7 million general fund balance.

### **Reductions to the Fiscal 2004 Budget**

By June 2003 the administration began exploring options for reducing the budget as an incremental step toward reducing the long-term structural deficit. Provisions in the State Finance and Procurement Article permit the Governor to reduce certain appropriations by up to 25 percent. Based on an interpretation of budget bill language pertaining to the allotment of funds, the administration placed \$655.1 million of agency general fund appropriations in contingency reserve. On July 30, 2003, the Governor proposed and the Board of Public Works (BPW) adopted \$208.2 million in reductions (\$204.3 million general funds and \$3.0 million in special funds) to the fiscal 2004 appropriation, with the intent of reducing the long-term structural deficit. The reductions included the abolition of 82.5 filled and 879.58 vacant regular positions. The savings were achieved by curbing government services, substituting federal and

special funds for general funds, reducing the bureaucracy, cutting grants to higher education institutions and local governments, and shifting costs to providers through rate reductions and program recipients through fees. Separated employees were granted four weeks of leave with pay, and an additional 90 days of State paid health insurance. The remaining portions of funds held in reserve were released by the Governor in late August 2003.

### **Economic Ups and Downs**

Throughout the year the economy showed improvement, driven largely by consumer spending. Low interest rates helped to fuel the real estate market and mortgage refinancing. While increased productivity during the recovery resulted in job losses nationally, employment in Maryland grew. Even the stock market showed positive gains, with occasional fits and starts over the lingering occupation in Iraq and fears of terrorism. The Board of Revenue Estimates (BRE) revised its fiscal 2004 general fund estimate downward by \$91 million due to tempered estimates of personal and corporate income tax receipts and lower than expected lottery sales. The BRE estimate for fiscal 2005 revenue projected 4.5 percent growth. Despite the good economic news, it is important to remember that revenue growth was projected from a lower base because of the sharp drop in revenue beginning in fiscal 2002.

### **Spending Affordability Committee Recommendations**

The Spending Affordability Committee prepared its final report to the Governor in December 2003, which included a number of recommendations pertaining to the operating budget. These included:

***Spending Limit and Sustainability:*** The committee recommended limiting growth on a spending affordability basis to 4.37 percent over spending approved at the 2003 session, with the intent that the fiscal 2005 budget be developed in the context of out-year sustainability. To this end, the committee recommended that the imbalance between ongoing revenues and ongoing expenditures be resolved by fiscal 2006

***Personnel:*** The committee recommended continuation of a ceiling of 74,100 regular positions in the Executive Branch that had been initially placed on the fiscal 2004 budget. It was further recommended that any new positions should be limited to those needed for public safety, homeland security, new facilities, and workload increases and essential services at 24-hour operated facilities, offset by abolitions elsewhere in the budget.

***State Reserve Fund:*** Wishing to ensure that the State maintain a 5 percent reserve in the Rainy Day Fund, the committee cautioned that all other cash balances and options be exhausted prior to tapping reserve balances. To the extent reserves were to be used, the committee directed that a realistic plan to achieve structural balance between ongoing revenues and spending by fiscal 2006 would need to be submitted by the Governor.

### **Governor's Commission on the Structure and Efficiency of State Government**

By executive order the Governor appointed a commission to examine independent agencies and commissions. The commission was chaired by former Governor Marvin Mandel. A final report, issued on December 8, 2003, included 54 recommendations on various agencies and programs. Most of the major recommendations for change included those which suggested the merger or transfer of all or parts of existing agencies, or changes in scope or organization of coordinating bodies.

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

Governor Ehrlich's spending plan submitted during the 2004 session included a combination of actions designed to ensure balance in fiscal 2004 and 2005. This included the budget bill, three budget reconciliation bills, and legislation to address corporate income tax compliance. The original fiscal 2005 budget totaled \$23.9 billion, exclusive of reversions and \$222 million in contingent reductions dependent on provisions in the budget reconciliation legislation. Based on these assumptions, the closing fiscal 2005 general fund balance was estimated at \$1.7 million.

As introduced the budget package was \$32.8 million above the 4.37 percent growth rate recommended by the Spending Affordability Committee, for a growth rate of 4.6 percent as measured under the spending affordability process. It also included 78 new positions above the recommended limit.

### **Reserve Fund and Prior Year One-time Revenue**

In compliance with statutory provisions the allowance included an appropriation of \$112.7 million to the Rainy Day Fund, representing the unappropriated fiscal 2003 general fund surplus in excess of \$10.0 million. Of this amount, the budget assumes the use of \$91.0 million from the Rainy Day Fund for a net increase to the account of \$21.7 million.

Balance in the fiscal 2004 and 2005 budgets is also built, in part, upon one-time funding transfers of \$375.9 million in fiscal 2004 and \$128.3 million in fiscal 2005 authorized by the Budget Reconciliation and Financing Act of 2003. The majority of these transfers come from the Transportation Trust Fund (TTF), the Transfer tax, and a portion of the local share of highway user revenues.

### **Additional Revenue, Transfer, Reversion, and Contingent Appropriation Assumptions**

The Governor assumed additional revenues beyond those estimated by BRE. This included \$9.4 million for fiscal 2004 and an additional \$179.5 million for fiscal 2005 also based largely on contingent revenue increases proposed in separate legislation. This included \$83.6 million in prior and future year corporate income tax collections based on efforts to address the Delaware Holding Company issue, \$38.6 million based on imposition of the lowest

county income tax rate for nonresidents, and \$29.0 million reflecting a proposed \$1,200 per-bed nursing home assessment among others.

Through budget reconciliation legislation the Administration also proposed a series of one-time transfers which in aggregate would provide \$257.0 million to the general fund – \$112.2 million comes from the transfer tax, including an estimated \$41.9 million in fiscal 2004 over attainment. Other large transfers include \$81 million related to the accelerated disbursement of unclaimed local taxes (with a similar amount shared with the local jurisdictions), \$51.2 million from the local share of highway user revenues, and a series of smaller transfers. Revenues and transfers are discussed in greater length later in this section under the Budget Reconciliation and Financing Act of 2004.

## **Legislative Consideration of the Budget**

The legislature's actions during the 2004 session were guided by the debate on the out-year structural deficit. The need to replenish lost revenue and to provide funding to meet the commitment made to education spending was recognized during the 2003 session, but agreement a long-term solution was not reached. While long-term funding options were contemplated, other issues placed additional demands on the legislature's time. This included revenue revisions, supplemental budgets, cash flow deficits in the Baltimore City school system, and a major transportation initiative, all of which commanded varying degrees of prominence in February and March 2004.

### **Revenue and Spending Changes**

***BRE Revenue Revisions:*** In March 2004, the BRE revised its estimate of general fund revenues for fiscal 2004 upward by \$26.8 million and \$4.0 million for fiscal 2005. This was due largely to growth in sales tax revenue, which was influenced by federal tax cuts and rebates and rebuilding efforts following Hurricane Isabel, as well as higher than expected abandoned property receipts.

***Supplemental Budget No. 1 and No. 2:*** In Supplemental Budget No. 1, the Governor increased general fund spending by \$11.6 million, fueled in part by \$10.1 million in unrecognized revenue from Local Management Board Funds. Spending largely centered on added services for a number of children, juvenile, and family support services. Supplemental Budget No. 2 recognized the additional \$30 million in BRE revenue revisions, offset by the loss of \$10.0 million from the failed proposal to privatize the Carter Center in DHMH. This second supplemental proposed to spend an additional \$13 million in general funds for expenses in the Department of Juvenile Services (DJS), recovery costs related to Hurricane Isabel, deficiency funds for the Transitional Emergency Medical and Housing Assistance program, and miscellaneous grants and other program funding. Combined, the two supplemental budgets increased the degree to which the budget exceeded the Spending Affordability Committee limit to \$64.1 million.



### **Legislative Budget Action**

Actions to balance the fiscal 2005 budget involved a combination of budget reductions (including reductions contingent upon enactment of budget reconciliation legislation), transfers, withdrawn appropriations, additional revenue actions, and other statutory changes through *Senate Bill 508 (passed)*, the Budget Reconciliation and Financing Act of 2004. Based on estimated under funding of \$150 million in the budget, the budget committees set as a goal a sufficient general fund balance to address under funded items, to provide a greater cushion for unexpected needs, or to help balance the fiscal 2006 budget.

**Reductions:** The legislature pared the Governor's fiscal 2004 deficiency budget by just under one million in general funds, and reduced the fiscal 2005 allowance by \$291.8 million in all funds. The largest reduction, \$51.2 million, was made to local highway user revenues as part of the Governor's original spending plan. Cutbacks in the personnel area were related to imposition of the position ceiling and an associated reduction of \$13.0 million, deletion of \$9.0 million for the deferred compensation match, and \$4.8 for over budgeted funding for the cost-of-living adjustment. The proposed \$25 million initial payment to the TTF was deleted from the Dedicated Purpose Account due to the lack of an overarching repayment plan. Instead, a provision in Senate Bill 508 institutes a mechanism to capture unappropriated end-of-year general fund surpluses until full repayment is achieved (see the discussion under the "State Reserve Fund" subpart within this Part for greater detail on this item).

Other noteworthy spending reductions totaling \$57 million, which are contingent upon enactment of Senate Bill 508 include \$20.9 million of the final year of funding for the Teacher Salary Challenge program, \$24.6 million due to failure of a proposed Medicaid nursing home per-bed assessment, \$9.0 million from the Rainy Day Fund assuming that the balance requirement be based only on the official BRE December revenue estimate, and a one-time reduction for nonpublic special education placements based on a higher local cost share in fiscal 2005.

**Transfers:** Final action on Senate Bill 508 resulted in total transfers of \$255.2 million in fiscal 2005. This was approximately the same amount proposed originally by the Governor, with the only exception being that proposed transfers of \$521,000 from three health boards were rejected during budget action and replaced by a \$500,000 surplus balance in the Homebuilder's Fund in the Office of the Attorney General. Specific detail on all fund transfers is provided under the Budget Reconciliation and Financing Act of 2004 subpart within this Part.

**Withdrawn Appropriations:** The legislature adopted the \$124.3 million in withdrawn fiscal 2004 appropriations for the Department of State Police, Medicaid, and school wiring lease payments as proposed by the administration, and identified an additional \$1.8 million in over budgeted lease payment expenses in the State Board of Elections. Via Senate Bill 508 then, a total of \$126.1 million was withdrawn.

**Revenues: *House Bill 297 (passed)*,** an Administration bill, includes several measures designed to prevent corporations from avoiding the Maryland corporate income tax by shifting income away from the State through the use of Delaware Holding Companies and other State tax avoidance techniques. The bill takes effect July 1, 2004, and is applicable to all taxable years beginning after December 31, 2003.

Additional revenues totaling \$8.2 million in fiscal 2004, and \$112.2 million in fiscal 2005 were adopted in Senate Bill 508. The larger measures included \$43.9 million from decoupling from various federal law changes, \$38.6 million to implement a minimum local income tax rate on nonresidents, and a one-year extension of a reduced sales tax vendor credit.

**Under Funding:** Final action on the budget left an estimated fiscal 2005 balance of \$130 million. This provided funding for programs estimated to be under funded in the fiscal 2005 budget, including Medicaid, mental health services, foster care, special education nonpublic placements, federal fund under attainment in the Department of Human Resources (DHR), statewide employee health insurance expenses, and under budgeted local jail per diem reimbursements.

### **Final Actions and Spending Affordability Committee Recommendations**

**Limiting Spending Growth to 4.37 Percent and Addressing Future Sustainability:** As shown in **Exhibit A-1.3**, final action by the legislature reduced the budget to a 4.33 percent rate of growth as measured on a spending affordability basis. This is \$6.1 million below the 4.37 percent recommended by the committee. However, the limit would be exceeded upon the enactment of ***House Bill 1188 (passed)***, which is a supplementary appropriation act. Under the legislation, a 10 percent surcharge on corporate income taxes would be imposed for three years, to supplement State higher education funding while limiting tuition increases to 5 percent annually. The bill provides a \$27.0 million special fund appropriation for higher education in fiscal 2005, offset by \$13.3 million in tuition reductions for a net impact of \$13.7 million. Since action in the budget bill had placed the budget \$6.1 million below the recommended spending limit, enactment of House Bill 1188 would place the overall State budget \$7.6 million above the limit.

As described in the Outlook for Future Budgets subpart of this Part, final action at the 2004 session yielded little progress toward addressing the out-year structural deficit by fiscal 2006 as recommended by the Spending Affordability Committee.

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

<u>Funds</u>	<u>2003</u> <u>Session</u>	<u>2004</u> <u>Session</u>	<u>\$</u> <u>Change</u>	<u>%</u> <u>Change</u>
General	\$10,421.5	\$10,824.4	\$402.8	3.87%
Special	2,679.6	2,765.8	86.1	3.21%
Higher Education	1,433.6	1,573.7	140.1	9.77%
<b>SAC Growth</b>	<b>\$14,534.7</b>	<b>\$15,163.8</b>	<b>\$629.0</b>	<b>4.33%</b>
SAC Limit	\$14,534.7	\$15,169.9	\$635.2	4.37%
Variance			-6.1	-0.04%
HB 1188 Supplementary Appropriation *			\$13.7	
Revised Variance			7.6	4.42%

\* The spending affordability limit would be exceeded by \$7.6 million upon the enactment of HB 1188 which provides a supplementary appropriation for higher education.

**Personnel:** As discussed in the Personnel subpart of this Part, the legislature imposed a position ceiling of 52,834, which applies only to the Executive Branch (i.e., excluding higher education). This level is slightly lower than the 74,100 level recommended by the Spending Affordability Committee. As submitted, the Governor's allowance provided funding for 78 more new positions than was recommended. Legislative action on the budget deleted 139 positions, and the position ceiling will require the abolition of another 351.4 positions; a total of 490.4.

**State Reserve Fund Use:** Consistent with State law the allowance included a \$112.7 million appropriation for the Rainy Day Fund; however, the Administration's spending plan assumed that \$91.0 million would be utilized in support of the general fund balance. A \$9.0 million reduction implemented through the Budget Reconciliation and Financing Act of 2004 to reflect use of the official BRE revenue estimate from December 2003 left the fund with a \$519.6 million balance, equivalent to 5 percent of estimated revenues and in compliance with the spending affordability recommendation.

### The Long-term – Addressing the Out-year Structural Deficit

Each chamber of the legislature adopted its own plan for addressing the long-term general fund structural deficit. **Exhibit A-1.4** illustrates the major elements of each chamber’s proposals on fiscal 2005 revenues. However, no major funding proposal was adopted and the Spending Affordability Committee recommendation to address the ongoing structural shortfall by 2006 was not met.

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#### Exhibit A-1.4 Senate and House Major Revenue Proposals Fiscal 2005

	<u>Senate</u>	<u>House</u>	<u>Final</u>
<b>Sales Tax</b>			
Increase Sales Tax Rate from 5% to 6%	–	\$549.7	–
Sales Tax Base – Real Estate Prop. Management/Health Clubs	–	60.7	–
Re-enact Snack Tax	\$16.8	–	–
Continue Reduced Vendor Discount	15.6	18.4	15.6
<b>Individual Income Tax</b>			
6% Income Tax Bracket – \$150,000 Ind./\$200,000 Joint	–	294.2	–
Minimum Local Income Tax Rate on Nonresidents	38.6	38.6	38.6
<b>Decoupling from Recent Federal Tax Changes</b>	47.5	47.5	47.5
<b>Fees, Abandoned Property, DDA Facilities Assessment</b>	17.5	8.5	15.9
<b>Subtotal Budget Reconciliation and Financing Act (SB 508)</b>	<b>\$135.9</b>	<b>\$1,017.5</b>	<b>\$117.5</b>
Corporate Income Tax – Delaware Holding Companies (HB 297)	36.7	36.7	36.7
<b>Revenue Offsets</b>			
Reduce State Property Tax from 13.2 cents to 5 cents	–	-\$348.0	–
Expand Refundable Earned Income Tax Credit	–	-4.5	–
<b>Grand Total</b>	<b>\$172.6</b>	<b>\$701.8</b>	<b>\$154.2</b>

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## **Outlook for Future Budgets**

As shown in **Exhibit A-1.5**, a potential shortfall of \$1.0 billion between revenues and current services spending is still projected for fiscal 2006. By fiscal 2009, the gap could exceed \$2.1 billion. Key factors contributing to the shortfall include continued implementation of the Bridge to Excellence in Public Schools Act of 2002 (Chapter 288) and steadily increasing Medicaid spending. Reliance on short-term revenues and one-time transfers, critical components of budget balancing efforts in fiscal 2004 and 2005, dwindles in fiscal 2006. 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 about 2 percent, and health insurance) and inflation. Caseload and entitlement growth are also expected to drive future spending needs. Medicaid costs alone are expected to rise by about \$200 million per year due to medical inflation and caseload increases.

### **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. If the act is fully implemented, State spending on education aid will exceed fiscal 2005 levels by about \$400 million in fiscal 2006, \$762 million in fiscal 2007, and \$1.19 billion in fiscal 2008 when the phase-in is complete.

### **Legislation**

Forecasted revenues are expected to increase by \$133.2 million in fiscal 2005 due largely to Senate Bill 508, and House Bill 297. The revenue gain declines to \$119.7 million in fiscal 2006 and then fluctuates between \$104 million and \$129 million through the remainder of the forecast period. The decline in additional revenues reflects the phase-out of the sales tax vendor credit after fiscal 2006 and a provision relating to business depreciation which initially generates additional revenue but results in revenue losses in subsequent years.

Legislation passed at the 2004 session will also increase State spending in future years. Senate Bill 508 encourages the Governor to provide additional education aid to offset geographic differences in the cost of education. If the Governor elects to fully fund this provision, the State will spend an additional \$53.4 million on education aid in fiscal 2006 growing to \$106 million in fiscal 2009. House Bill 1188, the Higher Education Affordability and Access Act, enhances State support for the University System of Maryland and Morgan State University with

**Exhibit A-1.5**  
**General Fund Budget Outlook**  
(\$ in Millions)

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
<b>Revenues</b>						
Fund Balance	\$122.7	\$218.4	\$130.3	\$0.0	\$0.0	\$0.0
Transfer from Rainy Day Fund	0.0	91.0	0.0	0.0	0.0	0.0
2002 and 2003 Session BRFA Transfers	375.9	384.1	0.0	0.0	0.0	0.0
	<b>\$498.6</b>	<b>\$693.4</b>	<b>\$130.3</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>
Operating Revenues	9,882.5	10,395.1	10,808.6	11,245.0	11,674.2	12,121.2
Short-term Revenues	91.7	63.6	0.0	0.0	0.0	0.0
Miscellaneous Revenue Adjustments	0.0	4.7	8.9	9.2	9.4	9.7
Additional Revenues – Legislation	8.0	133.2	119.7	104.6	113.9	129.1
	<b>\$9,982.1</b>	<b>\$10,596.6</b>	<b>\$10,937.2</b>	<b>\$11,358.7</b>	<b>\$11,797.5</b>	<b>\$12,260.1</b>
<b>Total Revenues</b>	<b>\$10,480.7</b>	<b>\$11,290.0</b>	<b>\$11,067.5</b>	<b>\$11,358.7</b>	<b>\$11,797.5</b>	<b>\$12,260.1</b>
<b>Spending</b>						
Operating Spending	\$10,300.3	\$11,126.9	\$11,995.2	\$12,766.4	\$13,669.1	\$14,279.0
Additional Expenditures – Legislation	0.0	-39.0	66.1	78.5	161.0	155.7
	<b>\$10,300.3</b>	<b>\$11,087.9</b>	<b>\$12,061.3</b>	<b>\$12,844.9</b>	<b>\$13,830.1</b>	<b>\$14,434.7</b>
PAYGO Capital	0.7	1.2	0.0	0.0	0.0	0.0
Appropriation to Reserve Fund	10.0	106.7	11.2	2.9	1.5	0.5
Appropriation to Transportation Trust Fund			50.0	-	-	-
	<b>\$10.7</b>	<b>\$107.9</b>	<b>\$61.2</b>	<b>\$2.9</b>	<b>\$1.5</b>	<b>\$0.5</b>
Reversions	-48.6	-36.0	-35.0	-35.0	-35.0	-35.0
<b>Total Expenditures</b>	<b>\$10,262.3</b>	<b>\$11,159.7</b>	<b>\$12,087.5</b>	<b>\$12,812.8</b>	<b>\$13,796.6</b>	<b>\$14,400.2</b>
<b>Ending Balance</b>	<b>\$218.4</b>	<b>\$130.3</b>	<b>-\$1,020.0</b>	<b>-\$1,454.1</b>	<b>-\$1,999.1</b>	<b>-\$2,140.2</b>
<b>Revenue Stabilization Fund</b>						
Ending Balance	\$496.7	\$519.6	\$546.9	\$568.0	\$589.9	\$613.0
As a Percent of General Fund Revenues	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
5% of General Fund Revenues	497.2	519.6	546.9	567.9	589.9	613.0
Excess over 5% of General Fund Revenues	-0.5	0.0	0.0	0.1	0.0	0.0

special funds in fiscal 2005 through 2007 but shifts these expenses and associated increases for community colleges and private institutions to the general fund beginning in fiscal 2008. General fund expenses are expected to exceed the baseline estimate for higher education by almost \$59 million in fiscal 2008 and \$63 million in fiscal 2009.

The extension of the Heritage Tax Credit, *House Bill 679 (passed)*, increases general fund expenditures by \$20.2 million in fiscal 2006 and \$30.2 million in fiscal 2007 and 2008. The act also reduces general fund revenues for fiscal 2005 through 2008 by about \$7 million per year.

Given the current financial scenario, the State is facing major decisions at the 2005 session. Various measures could be considered to generate sufficient revenues, including implementation of video lottery terminals and/or modifications to the income tax and sales tax. An alternative scenario could involve more limited revenue enhancements coupled with significant spending reductions. Statutory changes to the Bridge to Excellence in Public Schools Act or a significant restructuring of State spending and/or State/local intergovernmental relationships would need to be part of this discussion. Action by the Governor in submitting a fiscal 2006 budget can be expected to begin framing the debate over the future fiscal course that Maryland will take.

### **Budget-related Legislation**

Legislation that pertained to performance-based budgeting, the Constitutional constraints on the budget process, and the Governor's authority to reduce appropriations by up to 25 percent during the fiscal year was considered this year.

### **Managing for Results**

*Senate Bill 381 (passed)* codifies the State's Managing for Results (MFR) process originally established in 1997. The bill continues the current practice of agencies identifying a mission statement, selecting goals, and choosing objectives and performance measures that assist them in measuring progress towards their goals. DBM is required to develop a State Comprehensive Plan for MFR that sets the overarching goals and direction for State government. This plan will be reported to the General Assembly each January and will consist of up to 10 goals and 50 to 100 performance measures from across State government.

### **Constitutional Budget Authority**

*Senate Bill 370/House Bill 1247 (both failed)* would have proposed a modification to Article III, Section 52 of the State Constitution which presently limits the legislature's budget authority to only reducing proposed appropriations for Executive Branch agencies. Had the legislation passed and the amendment been adopted by voters at the 2004 general election, the General Assembly would have had the ability to increase and make additional appropriations for Executive Branch agencies. Maryland is the only state in which the legislature lacks this authority. This ability would have been limited to the level of funding in the Governor's allowance. The Governor would have been given the ability to line-item veto changes made by the legislature. Vetoes could have been considered within 30 days of a veto, in an extraordinary session of the legislature.

### **Reductions in Appropriations**

*House Bill 622/Senate Bill 261 (both failed)* proposed to alter the maximum reduction, from 25 percent to 10 percent, that the Governor, with approval of BPW, can make to an appropriation in the State budget. Generally the Governor has exercised this authority during times of economic downturn when it became necessary to reduce spending in order to maintain a balanced budget, and the legislature was not in session. The bill further proposed to require BPW to provide at least a 21-day public notice and an invitation to comment on proposed reductions in appropriations by the public, the Legislative Policy Committee, and the budget committees. BPW would have had to hold a public hearing no earlier than 15 days after the public comment, and the Department of Legislative Services would have been required to prepare an analysis of the effects of the proposed reductions within 10 days of the public notice.

### **The Budget Reconciliation and Financing Act of 2004**

The Budget Reconciliation and Financing Act of 2004 (BRFA), *Senate Bill 508 (passed)*, consolidates into one bill most of the provisions necessary to bring the fiscal 2005 budget into balance. The BRFA preserves general funds by providing relief from mandated funding levels, in some cases deferring or eliminating funding requirements; expanding the uses of specified existing special funds; and withdrawing fiscal 2004 appropriations. The BRFA also raises general fund revenues, largely from a combination of one-time transfers and ongoing fee and tax changes. New special fund revenues from increased fees for specified programs help to reduce the reliance on the general fund as well. The net impact on the general fund over fiscal 2004 and 2005, due to the BRFA, is \$530.5 million. The longer-term impact is minimal as ongoing new revenues are offset by increased spending due to provisions in the BRFA.



As shown in **Exhibit A-1.6**, most of that amount is due to one-time-only actions – transferring \$255.2 million to the general fund from various special funds; the sale of about \$750,000 in State assets; withdrawing \$126.1 million in appropriations, primarily due to the receipt of one-time federal financial assistance; and \$47.0 million in contingent reductions and deferred spending.

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**Exhibit A-1.6**  
**BRFA Impact on General Fund**  
**Fiscal 2004 and 2005**

	<u>FY 2004</u>	<u>FY 2005</u>
<b><i>Spending Impacts</i></b>		
Withdrawn appropriations – one-time effect	-\$126,124,507	
Contingent reductions due to special fund fee increases – ongoing effect		-\$2,105,375
Other contingent reductions – one-time effect		-43,011,794
Reduced reliance due to expanded use of special funds – ongoing effect		-678,744
Deferred spending – one-time effect		-4,008,317
Increased spending – mix of one-time and ongoing effects	3,869,170	17,147,512
<b><i>Subtotal</i></b>	<b><i>-\$122,255,337</i></b>	<b><i>-\$32,656,718</i></b>
<b><i>Revenue Impacts</i></b>		
Special fund transfers to the general fund – one-time effect		\$255,238,676
Proceeds from the sale of State assets – one-time effect	\$247,590	500,000
General fund tax revenues – ongoing effect	2,257,985	97,898,564
General fund fee revenues – ongoing effect		5,296,049
Other general fund revenue enhancements – ongoing effect	5,694,464	8,472,463
<b><i>Subtotal</i></b>	<b><i>\$8,200,039</i></b>	<b><i>\$367,405,752</i></b>
<b>Net Impact on General Fund</b>	<b>\$130,455,376</b>	<b>\$400,062,470</b>

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Additional detail on the special fund transfers, withdrawn appropriations, and the sale of State assets is shown in **Exhibit A-1.7**. Most of these actions were proposed by the Administration.

**Exhibit A-1.7**  
**Transfers, Withdrawn Appropriations, and Sale of Assets in the BRFA**  
**Fiscal 2004 and 2005**

	<u>FY 2004</u>	<u>FY 2005</u>
<i><b>Transfers to the General Fund:</b></i>		
Unclaimed local income tax		\$81,000,000
DNR – POS State projects – transfer tax revenues		28,668,276
DNR – POS local projects – transfer tax revenues		28,467,966
MDA – MALPP – transfer tax revenues		13,144,480
Overattainment of transfer tax revenues		41,886,000
MDOT – SHA – highway user revenues		51,220,064
DHMH – Spinal Cord Injury Research Trust Fund		2,557,790
DHMH – Board of Social Work Examiners Fund		251,000
DHMH – Board of Physicians Fund		628,000
DLLR – Racing Commission Special Fund		415,100
DBM – Central Collection Unit		4,500,000
DPSCS – State Use Industries		2,000,000
OAG – Home Builder Registration Fund		500,000
<i><b>Subtotal Transfer Revenue</b></i>		<i><b>\$255,238,676</b></i>
<i><b>Proceeds from Sale of State Assets:</b></i>		
DNR – proceeds from sale of yacht	\$247,590	
Proceeds from sale of Executive Branch surplus vehicles		\$500,000
<i><b>Subtotal Sale of Assets Revenue</b></i>	<i><b>\$247,590</b></i>	<i><b>\$500,000</b></i>
<i><b>Withdrawn Fiscal 2004 Appropriations:</b></i>		
Board of Elections – Help America Vote Act – availability of federal funds	\$1,847,000	
BPW – IAC – school wiring – amount not needed for debt service	2,923,440	
DHMH – Medicaid – availability of federal funds	31,300,000	
State Police – various offices – availability of federal funds	90,054,067	
<i><b>Subtotal Withdrawn Appropriations</b></i>	<i><b>\$126,124,507</b></i>	
<b>Total</b>	<b>\$126,372,097</b>	<b>\$255,738,676</b>

BPW = Board of Public Works  
DBM = Department of Budget and Management  
DHMH = Department of Health and Mental Hygiene  
DLLR = Department of Labor, Licensing, and Regulation  
DNR = Department of Natural Resources  
DPSCS = Department of Public Safety and Correctional Services  
IAC = Interagency Agency Committee  
MDA = Maryland Department of Agriculture  
MDOT = Maryland Department of Transportation  
MALPP = Maryland Agricultural Land Preservation Program  
OAG = Office of the Attorney General  
POS = Project Open Space  
SHA = State Highway Administration

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### **Major Transfer Provisions**

The BRFAs of 2002 and 2003 each included a series of transfers from special funds to the general fund. The BRFA of 2004 continues the practice, tapping some of the same funds and targeting new ones. The revenues due to transfers from special funds primarily come from the unclaimed local income tax, the transfer tax, and highway user revenues.

***Unclaimed Local Income Tax:*** The \$81.0 million transfer of unclaimed local income tax to the general fund is tied to two additional provisions in the BRFA: (1) an equivalent amount is also transferred to counties, municipalities, and special taxing districts for a total transfer of \$162.0 million and (2) statutory provisions regarding the unallocated Individual Revenue Account are altered so that the Comptroller will reserve each year from the current collection an amount estimated to be refunded within three years and distribute the balance to local jurisdictions.

***Transfer Tax Revenues:*** The BRFA redirects to the general fund (1) \$70.3 million in transfer tax special fund revenue that would have supported POS and the MALPP in fiscal 2005; and (2) \$41.9 million in estimated fiscal 2004 transfer tax funds attained over the original fiscal 2004 estimate made in December 2002 that would otherwise support programs in fiscal 2006. This diversion of \$112.2 million in transfer tax revenue is in addition to \$95.2 million in fiscal 2005 transfer tax revenue that was redirected to the general fund in accordance with the BRFA of 2003. A portion of that total, \$18.1 million due to overattainment, was transferred in fiscal 2004. The balance, \$77.1 million, was preauthorized for fiscal 2005.

The BRFA also allocates \$1.5 million of any additional fiscal 2004 overattainment of transfer tax revenues to Baltimore City for its parks. The fiscal 2005 budget does not provide funding for Baltimore City's park operations and maintenance; historically a \$1.5 million annual allocation of transfer tax revenues has been provided for this purpose.

***Highway User Revenues:*** The BRFA of 2003 transferred \$102.4 million in local highway user revenues to the general fund in fiscal 2004 and limited Baltimore City's share to

\$170.0 million for fiscal 2004 and 2005. The BRFA of 2003 also contained a provision transferring \$51.2 million in local highway user revenues to the general fund in fiscal 2005. The BRFA transfers an additional \$51.2 million to the general fund; the total amount of highway user revenues so diverted in fiscal 2005 will be the same as in fiscal 2004 – \$102.4 million. Accordingly, available highway user grants will decrease from \$433.1 million to \$381.9 million.

The BRFA also clarifies that Baltimore City's share of highway user revenues may increase according to an established formula if revenues exceed current estimates. In addition, the BRFA requires repayment of recent transfers from the Transportation Trust Fund (TTF) to the general fund by including TTF in the provisions relating to the disposition of any unappropriated general fund balance.

### **Tax Provisions**

The BRFA contains several provisions affecting existing taxes. Specifically, the BRFA:

- imposes a tax at the lowest county income tax rate (1.25 percent) on individuals who are currently subject to the State income tax but not to the county income tax (certain nonresidents) for all tax years beginning after December 31, 2003, accounting for a \$38.6 million increase in fiscal 2005 general fund revenues;
- halves the sales and use tax vendor collection credit for two additional years, maintaining the credit at the reduced level through fiscal 2006 and increasing general fund revenues by \$15.4 million in fiscal 2005 (the BRFA of 2002 halved the credit for two years, through fiscal 2004);
- reduces the distribution from the insurance premium tax to the Spinal Cord Injury Research Trust Fund to \$500,000, thereby increasing the revenue to the general fund by \$500,000 in fiscal 2006 and subsequent years; and
- decouples from federal tax changes in four areas:
  - limits to \$25,000 the amount that may be deducted as an expense under section 179 of the Internal Revenue Code, thereby continuing the decoupling from federal changes in 2003 that increased the amount to \$100,000, and maintains the \$200,000 threshold for beginning a phase-out;
  - limits the depreciation deduction allowed for specified large sport utility vehicles used for business purposes for purchases on or after June 1, 2004, in the same manner that the depreciation deduction for other passenger vehicles is limited;
  - sets the State estate tax effective exemption amount at \$1.0 million, decoupling from the federal unified credit amount (additional Comptroller staffing will be required); and

- requires the Maryland estate tax to be determined without regard to the deduction for death taxes allowed for purposes of the federal estate tax.

Combined, these provisions raise general fund revenues of \$2.3 million in fiscal 2004 and \$97.9 million in fiscal 2005. The tax provisions are discussed in greater detail in Part B.

### **Fee Provisions**

The BRFA includes numerous fee provisions, many of which are discussed in other parts of this report, as appropriate. Most of the new fees and the increased existing fees were proposed by the Administration.

**Increased Existing Statutory Fees:** The BRFA increases existing statutory fees for licenses, certificates, permits, filings, affected lead properties, and lead-free rental unit reports in the Departments of Agriculture, Assessments and Taxation (SDAT) and the Environment as well as the Offices of the Attorney General and Administrative Hearings as shown in **Exhibit A-1.8**. All of the special fund fee increases reduce reliance on general funds by effectuating contingent general fund reductions in the fiscal 2005 budget.

**Newly Imposed Fees and New Fee-setting Authority:** The BRFA imposes new filing and processing fees in SDAT and modifies others to be nonrefundable (raising \$494,700 in general funds annually). The BRFA also authorizes the Secretary of Health and Mental Hygiene to establish fees by regulation to cover the administrative costs associated with inspections, investigations, permits, licenses, certifications, or registrations undertaken or issued under the Health-General Article (raising more than \$1.0 million in general funds in fiscal 2005). Accordingly, the BRFA repeals existing fees throughout the Health-General Article and provides for general fee-setting authority. In addition, the BRFA authorizes fees to be set for issuance and renewal of certification for programs certified to perform medication-assisted treatment (methadone treatment clinics – expected to raise \$90,000 in general funds).

**Additional Fee Provisions:** The BRFA includes several other fee-related actions. Specifically, the BRFA:

- provides that, in fiscal 2005 only, the costs of the Maryland Health Care Commission and the Health Services Cost Review Commission include administrative costs incurred by the Department of Health and Mental Hygiene on behalf of the commissions – accordingly, the BRFA provides for cost recovery for the department and increases the total amount of fees that may be assessed by the health regulatory commissions for one year;
- doubles the statutory cap on inspection fees related to wells and food establishments that may be charged by local health departments;

**Exhibit A-1.8**  
**Statutory Fee Increases in the BRFA**

<u>Description</u>	<u>Number Issued</u>	<u>Current Fee</u>	<u>Proposed Fee</u>	<u>Amount of Increase</u>	<u>Additional Revenue</u>
<i>Maryland Department of Agriculture</i>					
Pest consultant certificate	30	\$65	\$75	\$10	\$300
Pest control applicator certificate	3,400	65	75	10	34,000
Pest control business license	1,498	125	150	25	37,450
Pest control consulting business license	30	125	150	25	750
Nursery certificate	400	75	100	25	10,000
Nursery broker/dealer license	1,100	75	100	25	27,500
Wholesale seedsman permit	310	50	100	50	15,500
<i>Office of the Attorney General</i>					
Filing for exempt securities*	1,600	100	400	300	480,000
Health Club – no upfront fees**	16	50	75	25	400
Health Club – initiation fees less than \$200**	426	150	300	150	63,900
Health Club – initiation fees over \$200 bonded**	76	800	1,200	400	30,400
<i>Office of Administrative Hearings</i>					
Filing an MVA-related appeal*	28,530	15	125	110	3,138,300
Filing all other appeals*	1,292	15	50	35	45,220
<i>Maryland Department of the Environment</i>					
Lead-affected rental unit	65,000	10	15	5	325,000
Lead-free report	4,500	5	10	5	22,500
<b>Total</b>					<b>\$4,231,220</b>

\*Fees collected are deposited in the general fund.

\*\*Health clubs are charged one of three different fees depending on whether they hold a surety bond and collect fees in advance of service.

- reduces the statutory fees for initial and biennial renewal registration of home builders;
- exempts rental cars from increased vehicle registration fees at an annual cost of \$1.3 million to TTF; and
- requires the Motor Vehicle Administration to reduce its fees if cost recovery exceeds 100 percent.

### **Other Revenue Enhancement Provisions**

***Intermediate Care Facilities for the Mentally Retarded (ICF-MR) Assessment:*** The BRFA imposes an assessment of 6 percent on all income of ICF-MRs. This provision will apply only to the four State residential centers for the developmentally disabled – the Rosewood Center, Holly Center, Potomac, and Joseph D. Brandenburg Center – if it is deemed permissible under Section 1903(W) of the Social Security Act, which relates to provider donations and health care taxes. The assessment will raise \$5.7 million in general fund revenue annually, offset by the general fund share of the assessment, which is \$3.9 million. The federal Medicaid program will provide matching funds to cover the federal share of the assessment, an estimated \$1.8 million beginning in fiscal 2004, resulting in a net gain of \$1.8 million to the general fund.

***Report-Remit for Abandoned Property:*** The BRFA accelerates the time frame for a person holding abandoned property to pay or deliver that property to the Comptroller, requiring payment or delivery at the time of filing a report on the property rather than 265 days after the report is filed. Accelerating receipt of abandoned property will have a one-time effect of \$2.5 million in advance receipts in fiscal 2005 as well as increased interest income each year.

### **Other Funding Relief**

The BRFA includes several provisions to preserve general funds by deferring, shifting, or eliminating funding requirements. In addition, the bill broadens the purposes for which certain special funds may be used and defers or modifies special fund spending requirements. Most of these provisions were originally proposed by the Administration and many of them effectuate contingent reductions in the fiscal 2005 budget. The major provisions are also discussed in other parts of this report, as appropriate.

***K-12 Education Provisions:*** While education costs at private residential treatment centers (RTCs) are paid according to the statutory funding requirements for nonpublic special education placements, local school systems do not share similarly in education costs for children in the three State Regional Institutes for Children and Adolescents (RICAs), which are simply public RTCs. The BRFA aligns responsibility for education funding at the three RICAs with that of private RTCs, consistent with all other nonpublic special education placements. This change effectuates a general fund reduction of \$3.8 million, which will be ongoing.

The BRFA also eliminates or reduces three funding requirements for K-12 education in the fiscal 2005 budget. Specifically, the BRFA:

- reduces the State's share of nonpublic placement special education funding to 75 percent above the base amount for one year only, effectuating a general fund reduction of \$6.4 million;
- reduces funding for the Extended Elementary Education Program (more commonly known as EEEP) by 12.5 percent for one year, effectuating a \$2.4 million general fund reduction; and
- repeals the Governor's Teacher Salary Challenge program one year before its termination date, effectuating a \$20.9 million general fund reduction.

***Higher Education Provisions:*** Four provisions in the BRFA impact higher education funding. Specifically, the BRFA:

- bases the allowance for Baltimore City Community College on the prior-year appropriation rather than the prior-year allowance;
- delays Private Donation Incentive Payments to non-historically black institutions by one year, so that the fiscal 2005 cost of \$2.4 million will be deferred and the final payment year will be fiscal 2009;
- authorizes deferral of remaining unfunded State obligations from fiscal 2002 and 2003 for the Innovative Partnerships for Technology Program for another year, shifting \$1.6 million to fiscal 2006; and
- modifies eligibility for the size-factor component of the community college funding formula for fiscal 2005 only, allowing each board of trustees that received funding under that component in fiscal 2004 to receive funding in fiscal 2005.

***Other Funding Relief Provisions:*** The BRFA also impacts funding requirements throughout State government, preserving not only general funds but also special funds and federal funds. Specifically, the BRFA:

- repeals the mandated funding requirement for the Office of Tourism Development and rebases the mandated funding for the Maryland Tourism Development Board at \$6 million in fiscal 2006 and subsequent years;
- repeals Individual Development Accounts within the Department of Human Resources (DHR) two years before the demonstration program terminates, for general fund savings of \$110,692 in fiscal 2006;



- makes several changes to the Tobacco Use Prevention and Cessation Program and Cancer Prevention, Education, Screening, and Treatment Program:
  - postpones the next Tobacco Study required under the Tobacco Use Prevention and Cessation Program by one year to fiscal 2006;
  - reduces the mandated appropriation for activities aimed at reducing tobacco use to \$12 million for fiscal 2005 only;
  - reduces funding for the two statewide academic health centers (The Johns Hopkins Institutions and the University of Maryland Medical Group) to implement the local public health program in Baltimore City under the Cancer Prevention, Education, Screening, and Treatment Program to \$1.2 million for each academic health center for fiscal 2005 only; and
  - postpones a comprehensive evaluation of the Cigarette Restitution Fund Program for one year;
- merges the two accounts within the Volunteer Company Assistance Fund (VCAF) but retains the purposes for which those accounts may be used, broadens the use of the Maryland Emergency Medical Systems Operation Fund to permanently include all purposes within VCAF, and expands authority to use VCAF for grants to widows and orphans and related administrative expenses, thereby freeing up general funds;
- charges the TTF for its share of administering the corporate income tax, effectuating a general fund reduction of \$557,600;
- specifies that the Board of Revenue Estimates' December general fund revenue forecast be used to determine the minimum balance in the Rainy Day Fund, effectuating a general fund reduction of \$9.0 million;
- repeals the authorization to expand the capital program with bond premiums;
- requires \$62 million in the Annuity Bond Fund to be held in reserve to stabilize the future property tax rate for debt service;
- prohibits any funding for a rail system based on magnetic levitation technology in fiscal 2006 and subsequent years;
- codifies the \$750,000 funding requirement for community outreach and education programs within the Lead Poisoning Prevention Program and allows those funds to be used for enforcement purposes as well; and

- continues to allow use of the Waterway Improvement Fund within DNR for administrative expenses in the short-term but phases out use of the fund for administrative expenses by fiscal 2010.

### **Additional BRFA Provisions**

The BRFA includes numerous additional provisions, some of which require or authorize additional spending. Other provisions codify mandated funding and current practice, require various reports, enhance oversight or accountability, repeal obsolete provisions of law, and make technical corrections. For example, the BRFA:

- codifies the formula for the geographic cost of education index, with funding as provided in the State budget beginning in fiscal 2006 – the cost for this provision is \$53.4 million in fiscal 2006, if fully funded, escalating to \$106.0 million in fiscal 2009;
- authorizes the transfer of \$442,210 from the Spinal Cord Injury Research Trust Fund to the Department of Aging to supplement federal grants to local agencies and mandates an equivalent general fund appropriation in fiscal 2006, which will hold harmless for two years rural counties that would have seen a reduction in these grants;
- transfers \$1.0 million from the State Use Industries to the Maryland State Department of Education in fiscal 2006 through 2009 to supplement funding for correctional education;
- requires a county or statewide academic health center receiving a local public health cancer grant to use at least 60 percent of these funds for screening, diagnosis, and treatment services;
- requires a study of merging two weatherization programs by DHR, the Department of Housing and Community Development, and the Public Service Commission;
- requires the Maryland Transportation Authority to provide notification of new projects before proceeding and to have legislation authorizing the sale of bonds; and
- places limits on the issuance of GARVEE debt and requires the Capital Debt Affordability Committee to examine GARVEE bonds and recommend a prudent level of annual bond authorization for the Maryland Department of Transportation (MDOT).

## **Selected Budgetary Initiatives**

### **Project RESTART**

The Department of Public Safety and Correctional Services (DPSCS) incarcerates more than 28,000 inmates and detainees and the recidivism rate exceeds 51 percent. To combat the recidivism rate, DPSCS proposed a conceptual framework for a new initiative: Reentry Enforcement Services Targeting Addiction, Rehabilitation, and Treatment or “RESTART.”

RESTART anticipates moving away from a system of confinement and control to a system that focuses on rehabilitation and cognitive restructuring. The underlying premise is that by causing the offender to cease his/her criminal behavior, the recidivism rate will drop, the offender will become a productive member of society, the State will save money on incarceration costs, and the public’s safety will increase through lower crime. DPSCS’ plan to finance the RESTART initiative is based on its finding that excess correctional officers are currently employed by the department. As correctional officer positions become vacant, DPSCS plans to convert the vacant positions to staff the RESTART initiative.

The General Assembly authorized DPSCS to convert up to 50 vacant correctional officer positions and utilize up to an additional \$1.7 million to implement pilot programs in two separate regions of the State. DPSCS, in conjunction with the Maryland State Department of Education (MSDE), DHMH, and DBM, must submit a report to the budget committees which fully describes the plan and addresses the General Assembly’s concerns before it may implement the pilot programs.

### **Public Defender**

The fiscal 2005 budget includes \$1.7 million to continue the initiative began last year, to reduce excessive Public Defender caseloads. The new monies will be used for 68.5 new positions and account for a significant portion of the \$3.5 million and 5.7 percent increase in the Public Defender appropriation over the fiscal 2004 working appropriation. The first-year focus of the caseload initiative was to phase in staffing to reduce caseloads in Baltimore City and address the need for attorneys in District and juvenile courts in rural districts. Year two of the caseload initiative will address the need for attorneys in the District and juvenile courts in the metropolitan/suburban counties as well as Baltimore City.

The agency’s Caseloads Initiative has three components: (1) reduce excessive public defender caseloads to comply with American Bar Association standards; (2) establish a funding/staffing formula linked to Maryland specific caseload standards; and (3) install a case management system to improve case management and provide accurate caseload/workload data to increase accountability and streamline the budget process.

## Health

**DDA Funding:** The Developmental Disabilities Administration (DDA) provides direct services to individuals with mental or physical impairments that result in substantial functional limitations and are likely to continue indefinitely. Services are provided 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 \$44 million in fiscal 2005, a result of several recent initiatives intended to increase access to and quality of community services. Of the increase, \$18 million is dedicated to the third year of the 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 initiative is expected to increase the hourly wage and fringe benefits of community direct service workers 8.5 percent in fiscal 2005, from \$13.01 to \$14.12.

The fiscal 2005 budget also includes funds for expansion of community services. The transitioning youth program, which provides supported employment and day services for students graduating from the school system, will expand to an additional 475 students in fiscal 2005 at a cost of \$7 million. Residential, day, and support services will also be expanded to an estimated 400 individuals on an emergency basis at a cost of \$5 million in the next fiscal year.

The remainder of the increase provides funds for the annualization of fiscal 2004 community placements, inflation in community services costs, and deinstitutionalization.

**Closure of Crownsville Hospital:** As submitted by the Governor, the fiscal 2005 operating and capital budgets contained several actions that implement the October 2003 *Joint Chairmen's Report* response consolidating State-run psychiatric beds utilizing a system of two rather than three large regional hospitals and recommending the closure of Crownsville Hospital in Anne Arundel County. Those actions and the final status of those proposals are summarized in **Exhibit A-1.9**.

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**Exhibit A-1.9**  
**State-run Psychiatric Hospital Consolidation and the**  
**Fiscal 2005 Operating and Capital Budgets**

<u>Item</u>	<u>Funding</u>	<u>Comment and Legislative Action</u>
Deficiency appropriation	\$916,000	Renovation of two buildings at both Spring Grove and Springfield hospitals to accommodate patients transferred from Crownsville. Approved by the General Assembly.
Operating budget savings	-\$11,800,000	Operating savings from the closure of Crownsville. Of this amount, \$6.8 million is removed from the base budget and thus not subject to legislative action.
Operating budget expenditures	\$5,000,000	Reinvestment of savings into expansion of community mental health services. The General Assembly adopted budget bill language directing \$4 million of these savings to be used for regional service expansion in Anne Arundel, Prince George's, Calvert, Charles, and St. Mary's counties; and \$1 million to move patients currently at Crownsville who are ready for discharge into the community (\$1 million).
Recycling of fiscal 2004 operating funds and Capital budget expenditures	\$150,000 (GF) \$9,625,000 (GO)	Design and construct a 48-bed addition to the maximum-security wing at Perkins in order to expand overall capacity in the State-run psychiatric hospital system. Overall, the consolidated system will have a net gain of 34 beds. Approved by the General Assembly.

Source: Department of Legislative Services

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DHMH is proceeding with the closure of Crownsville, having begun to transfer patients. While most employees at Crownsville will be transferred to other hospitals, 133.3 positions will be abolished as a result of the hospital closure, and the Governor's budget requires the abolition of these positions by the end of fiscal 2005. Of these positions, approximately 109 are currently filled. At the time of this writing, it is not certain how many of these 109 employees will be laid-off as a result of closure. DHMH has committed to work to find them alternative positions in State government.

## Education

***Need-based Scholarships:*** The fiscal 2005 budget includes \$83.3 million in general funds for the Maryland Higher Education Commission (MHEC) Scholarship programs. The total scholarship appropriation is \$87.4 million. This is an increase of \$7.4 million over the fiscal 2004 working appropriation. Educational Excellence awards increase \$10.4 million, offsetting a \$4 million reduction to HOPE Scholarships. Fiscal 2005 marks the first increase in need-based financial aid since fiscal 2001, and will help alleviate a current waiting list for need-based of over 5,000 students. With this increase, MHEC will award approximately 4,138 additional students over fiscal 2004 and will help offset the increased tuition and fee rates for current and new recipients. The current average award amount is \$2,175 and reflects the most recent tuition and fee increases.

***Hickey School Education Program:*** The Charles H. Hickey, Jr. School is the largest secure juvenile confinement facility operated by DJS. In response to adverse audit findings at the school, Chapter 53, Acts of 2003 required that MSDE take over the education programs at the Hickey from DJS on July 1, 2004. This takeover was contingent upon the inclusion in the budget of funds for the program. The Governor's budget as submitted included approximately \$10.1 million for the program proposed by MSDE, including \$7.6 million in the correctional education budget and \$2.5 million in nonpublic placement funds. Supplemental Budget No. 1 also included a \$300,000 fiscal 2004 deficiency appropriation to begin installation of relocatable classrooms at Hickey and to also begin hiring an advance team of key administrators prior to the takeover date at the beginning of fiscal 2005.

The General Assembly reduced the appropriations submitted in the Governor's budget. The General Assembly provided \$5.2 million in fiscal 2005 funds and \$212,500 in fiscal 2004 funds. The General Assembly also prohibited the expenditure of nonpublic placement funds at Hickey due to the likelihood of a deficit in nonpublic placements. The level of funds approved by the General Assembly provides for per pupil spending for special education students consistent with the average cost of a nonpublic day placement; per pupil spending for non-special education students consistent with the DJS average; and additional funds for equipment, supplies and relocatable classrooms. MSDE must develop an educational plan for Hickey that will fall within the available resources.

## Cigarette Restitution Fund

The General Assembly established the Cigarette Restitution Fund (CRF) 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 education and crop conversion initiatives. **Exhibit A-1.10** details the distribution of funds in recent years.

The fiscal 2005 appropriation includes more than \$117 million for CRF-supported programs, \$62 million less than in fiscal 2004. The decline in spending from the fund reflects a decline in available revenue. Although tobacco settlement revenue is expected to decline incrementally from fiscal 2004 to 2005, the reduction in revenue is primarily attributable to the depletion of surplus and special reserve funds in fiscal 2004. Reductions in available revenue resulted in lower appropriations for the CRF tobacco and cancer programs, as well as a \$55 million reduction in funds for Medicaid. CRF reductions to Medicaid were offset by a like amount of general funds.

## Transportation

### Revenues

Provisions relating to transportation revenues were adopted in the budget bill, Senate Bill 508, and other legislation, as outlined below:

**Transportation Trust Fund Forecast:** The Maryland Department of Transportation (MDOT) estimates that the TTF will receive \$2.13 billion in revenue from State-sourced taxes and fees in fiscal 2005, including \$754 million in motor fuel taxes, \$728 million in titling taxes, and \$343 million in vehicle registration fees. MDOT projects that sales of consolidated transportation bonds will generate an additional \$350 million in revenue. A total of \$1.626 billion in State and federal funds is expected to be available for the capital program in fiscal 2005.

**Revenue Enhancements:** *House Bill 1467 (Ch. 9)* increases annual vehicle registration fees for all classes of vehicles and requires MVA to recover the cost of its annual capital expenditures through its miscellaneous fees; rental vehicles were subsequently exempted from the vehicle registration fee increase through a provision adopted in Senate Bill 508. As a result of the actions taken through this bill, including the fee increases and the increased bonding that can be supported by these revenues, an additional \$1.3 billion in capital funding and an additional \$230 million in local highway user revenues is expected to be available during the fiscal 2005 to 2009 period above the amounts projected in the original fiscal 2004 forecast.

**Exhibit A-1.10**  
**Cigarette Restitution Fund**  
**Fiscal 2003 – 2005**  
**(\$ in Millions)**

	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Legislative</u></b>
	<b><u>Spending</u></b>	<b><u>Appropriation</u></b>	<b><u>Appropriation</u></b>
<b>Health</b>			
Management	\$0.4	\$0.6	\$0.4
Tobacco	19.6	14.3	9.5
Cancer	37.2	32.9	30.5
Substance Abuse	18.5	17.1	17.1
Maryland Health Care Foundation	1.0	-	-
Medicaid	104.0	106.6	51.5
<b>Subtotal</b>	<b>\$180.7</b>	<b>\$171.5</b>	<b>\$109.0</b>
<b>Education</b>			
Aid to Nonpublic Schools	\$3.6	\$3.0	\$3.0
Judy Hoyer Centers	4.0	-	-
Teacher Mentoring	2.5	-	-
Teacher Certification	1.6	-	-
Technology Academy	1.7	-	-
Access/Success	1.0	-	-
<b>Subtotal</b>	<b>\$14.4</b>	<b>\$3.0</b>	<b>\$3.0</b>
<b>Crop Conversion</b>	<b>\$6.3</b>	<b>\$5.1</b>	<b>\$5.7</b>
<b>Attorney General</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.2</b>
<b>Total Expenses</b>	<b>\$201.4</b>	<b>\$179.6</b>	<b>\$117.7</b>
Transfer to the General Fund	-3.8		

Source: Department of Budget and Management



**Highway User Revenues:** In fiscal 2005, \$102 million will be diverted from local highway user revenue and transferred to the general fund. Including this transfer and the increased revenue expected to be generated by the provisions contained in House Bill 1467, a total of \$427 million is expected to be distributed to Baltimore City and the counties in highway user revenues; this represents an increase of \$89 million over the amount of highway user revenues projected to be available in the original fiscal 2004 TTF forecast. Actions taken in Senate Bill 508 provide that Baltimore City will receive at least \$170 million of the \$383 million in highway user revenues provided in the Governor's allowance plus 12.25 percent of all increases from all sources in total highway user revenues above the amount estimated in the fiscal 2005 budget.

**Mechanism for Repaying the TTF:** A provision in Senate Bill 508 amends the Rainy Day Fund's sweeper provision to provide a funding source to repay the TTF for \$315 million transferred in fiscal 2004 and 2005 to the general fund. This provision requires that when there is a surplus of unappropriated funds in the general fund at the close of a fiscal year, the first \$10 million of any such surplus will be retained by the general fund, while the next \$11 million to \$60 million in such surpluses will be transferred to the TTF. Any surplus amount exceeding \$60 million will be appropriated to the Rainy Day Fund. This provision will remain in effect until such time as the full \$315 million has been repaid to the TTF.

## **Debt**

As noted below, provisions relating to transportation debt affect the issuance of GARVEE bonds, Consolidated Transportation Bonds, and nontraditional debt:

**Limits on GARVEE Bonds:** The General Assembly established new limits on the use by MDOT and by the Maryland Transportation Authority (MdTA) of Grant Anticipation Revenue Vehicles (GARVEE bonds). Under a provision adopted in the Senate Bill 508, the maturity of any GARVEE issued by MDOT or MdTA may not exceed 15 years, while the annual payments for principal and interest on these bonds may not exceed 13 percent of the State's average annual authorization level in the current federal authorization act for federal highway aid. These limits are in keeping with limits established by other states as well as with current market trends and are supported by two rating agencies. This action would allow the issuance of just over \$600 million in GARVEE bonds (contingent on the amount of federal aid received by the State through the next federal transportation reauthorization). These limits are not intended to constrain financing options for the proposed InterCounty Connector highway.

**Ceiling on Consolidated Transportation Debt:** House Bill 1467 increases the maximum allowable aggregate amount of outstanding and unpaid consolidated transportation bonds and bonds of prior issues to \$2 billion. The budget bill establishes a ceiling on maximum debt outstanding related to the issuance of Consolidated Transportation Bonds in fiscal 2005, to \$1.472 billion.

***Ceiling on Nontraditional Debt:*** The fiscal 2005 budget establishes an annual ceiling on nontraditional debt issued by MDOT or by other agencies on behalf of MDOT at \$769 million. This includes all debt instruments that are not consolidated transportation bonds or GARVEE bonds. Nontraditional debt limits may be increased during the course of the fiscal year provided that notification is given to the budget committees explaining the need for the additional issuances.

***Legislative Oversight of Maryland Transportation Authority Capital and Debt:*** Two provisions were adopted in Senate Bill 508 to strengthen the General Assembly's oversight over the MdTA. The first provision requires MdTA to provide notification to the budget committees and to the House Committee on Ways and Means 45 days before entering into any contract or agreement to acquire or construct a new revenue-producing transportation facilities project. The second provision, which takes effect in fiscal 2006, specifies that the General Assembly must approve through legislation MdTA's issuance of revenue bonds. Similar to the oversight process for higher education academic revenue bonds, MdTA will be required to submit for the approval of the General Assembly an annual bond bill that specifies the projects for which bonds are to be sold during the forthcoming fiscal year, as well as the total amount of bonds that are to be issued for each project.

## **Transit**

***Maglev:*** The fiscal 2005 budget authorizes MDOT to process a budget amendment for \$1.0 million in federal funds to support the completion of a final environmental impact statement on the Maglev system. However, MDOT is prohibited from utilizing any additional federal funds for any other purpose related to Maglev. Further, a provision was adopted in Senate Bill 508 prohibiting the State from expending any funds from any source for the purpose of studying, developing, or constructing a Maglev system effective July 1, 2005.

***Farebox Recovery:*** Chapters 210 and 211, Acts of 2000 lowered the required annual farebox recovery rate from 50 percent to 40 percent for Baltimore area transit services and instituted new performance reporting requirements for both the MTA system and the transit systems operated by Prince George's and Montgomery counties. These chapters were scheduled to sunset at the end of fiscal 2004. ***Senate Bill 282/House Bill 682 (both passed)*** eliminated the sunset provision, thereby maintaining the required farebox recovery rate for Baltimore area transit services at 40 percent and retaining the additional performance reporting requirements for both the Baltimore area services and services operated by Prince George's and Montgomery counties.

## **State Reserve Fund**

The State Reserve Fund is projected to have a fund balance totaling approximately \$522.6 million at the end of fiscal 2005. Actions in both fiscal 2004 and 2005 are illustrated in **Exhibit A-1.11** and detailed below:

### **Fiscal 2004 Actions**

- \$11.4 million transfer of Temporary Assistance for Needy Families (TANF) funds to support welfare activities;
- \$8.2 million transfer from the Joseph Fund Account to support child welfare services;
- \$10 million deficiency appropriation into the Catastrophic Event Account; and
- \$7.2 million proposed transfer from the Catastrophic Event Account to support Hurricane Isabel reconstruction.

### **Fiscal 2005 Actions**

- \$112.7 million appropriation to the Revenue Stabilization Account (Rainy Day Fund) attributable to unanticipated general fund surplus in fiscal 2003 offset by a \$9 million reduction to the Rainy Day Fund appropriation implemented through legislation clarifying the fund's minimum fund balance requirement. Section 3-216 of the State Finance and Procurement Article requires that the end of year fund balance be 5 percent of general fund revenues. The law does not clarify how the balance is determined. Senate Bill 508 includes a provision that requires that the fund's 5 percent fund balance be based on revenues projected by the BRE in December prior to the beginning of the legislative session;
- \$91 million transfer from the Rainy Day Fund to the general fund proposed by the Administration in the budget bill; and
- \$3 million appropriation to the Dedicated Purpose Account for DHCD to support homeowners whose primary residences were destroyed by Hurricane Isabel.

### **Out-year Forecast for the Rainy Day Fund**

Current projections assume that the Rainy Day Fund's fiscal 2005 end-of-year balance will be approximately \$520 million, which is 5.0 percent of general fund revenues. To maintain a balance that is 5 percent of general fund revenues, net appropriations totaling \$11.2 million in fiscal 2006, \$2.9 million in fiscal 2007, \$1.5 million in fiscal 2008, and \$0.5million in

**Exhibit A-1.11**  
**State Reserve Fund Activity**  
**Fiscal 2004 and 2005**  
**(\$ in Millions)**

	<u>Rainy Day</u> <u>Fund</u>	<u>Dedicated</u> <u>Purpose Acct.</u>	<u>Catastrophic</u> <u>Event Acct.</u>	<u>Joseph</u> <u>Fund Acct.</u>
<b>Balances on Hand 6/30/03</b>	<b>\$490.2</b>	<b>\$11.4</b>	<b>\$0.2</b>	<b>\$8.2</b>
<b>Fiscal 2004 Appropriations</b>	0.0	0.0	0.0	0.0
<b>Fiscal 2004 Deficiency Appropriations</b>			10.0	
<b>Expenditures</b>				
Child Welfare Services				-8.2
TANF/Welfare Programs		-11.4		
Hurricane Isabel Reconstruction			-7.2	
<b>Estimated Interest</b>	6.5			0.0
<b>Estimated Balances 6/30/04</b>	<b>\$496.7</b>	<b>\$0.0</b>	<b>\$3.0</b>	<b>\$0.0</b>
<b>Fiscal 2005 Appropriations</b>	103.7	3.0	0.0	0.0
<b>Transfers to General Fund</b>	-91.0			
Hurricane Isabel Reconstruction		-3.0		
<b>Estimated Interest</b>	10.2			0.0
<b>Estimated Balances 6/30/05</b>	<b>\$519.6</b>	<b>\$0.0</b>	<b>\$3.0</b>	<b>\$0.0</b>
<b>Balance in Excess of 5% GF Revenues</b>	<b>\$0.0</b>			

Note: Totals may not sum due to rounding.

Source: Department of Budget and Management

fiscal 2009 will be required. Pursuant to statute there may be appropriations of unanticipated general fund surpluses, but it is projected that these appropriations will be reduced to support operating budget activities. By fiscal 2009, the Rainy Day Fund's end-of-year balance is projected to be \$613 million, which is 5.0 percent of projected revenues.

### **TTF Repayment**

Chapter 203, Acts of 2003 (the Budget Reconciliation and Financing Act of 2003) transferred \$314.9 million from the TTF to the general fund. The Act also required that the Governor develop a plan to reimburse the TTF. Although no plan was submitted as required, the General Assembly adopted a provision in Senate Bill 508 instituting a process by which a portion of unappropriated general fund surpluses will reimburse the TTF.

Under current law the Governor must appropriate any unappropriated general fund surplus exceeding \$10 million into the Rainy Day Fund two years after the surplus was realized. For example, this resulted in the Governor allocating \$112.7 million in the fiscal 2005 allowance, attributable to the \$122.7 million unappropriated general fund surplus at the end of fiscal 2003.

Senate Bill 508 requires the transfer of up to \$50 million annually from the general fund to the TTF until the entire \$314,913,000 is repaid. Specifically, this provision requires that:

- up to the first \$10 million is retained by the general fund;
- between \$11 million and \$60 million is transferred to the TTF; and
- the Governor must appropriate any amount exceeding \$60 million into the Rainy Day Fund.

Current revenue estimates project that fiscal 2004 will have an unappropriated general fund surplus totaling \$137.1 million at the end of the fiscal year. If this surplus is realized, the new provision requires the Governor to transfer \$50 million from the general fund to the TTF in fiscal 2006.

## **Personnel**

### **Employee Compensation**

State expenditures for employee compensation, estimated to be \$5.5 billion in fiscal 2005, constitute a major component of the budget. Regular employee expenditures increase \$194.2 million, or 4.0 percent to \$5.1 billion, while contractual employee expenditures increase \$6.1 million, or 1.5 percent over the fiscal 2004 working appropriation.

In fiscal 2005 many components of compensation unavailable to regular employees in fiscal 2004 are again available. A \$752 flat-rate general salary increase and merit or increment increases are available to all eligible employees. Fiscal 2005 annual salary review (ASR) upgrades and/or reclassifications are available to public defenders, social services attorneys, assistant general counsels (human relations), assistant State prosecutors, direct service workers in DJS, property assessors, lab scientists, administrative law judges, banking financial examiners, and a number of entry-level positions requiring a college degree. ASRs provide for increased salaries through upgrades to better enable the State to compete for employees within the relevant labor markets for these position classifications. The direct service worker and lab scientist classifications' descriptions and salary plans will also be reworked to better reflect current job responsibilities.

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 in contributions to individual deferred compensation plans is not funded for fiscal 2005;
- Second, although there is a \$22.8 million increase in fiscal 2005 for health insurance, status quo coverage in fiscal 2005 requires an increase of approximately \$70.0 million. Further, budget language requires that any changes in health insurance coverage have to be agreed upon as a result of signed memoranda of understanding negotiated with labor organizations; and
- Third, workers' compensation insurance shows a relatively large increase due to an Injured Workers' Insurance Fund operating account surplus available in fiscal 2004 but no longer available in fiscal 2005.

### **Position Cap**

The General Assembly abolished 139 full-time equivalent (FTE) regular positions and adopted budget bill language applying a cap on regular positions in non-higher education Executive Branch agencies of 52,834. Specific position abolitions taken during the 2004 session primarily affect the Division of Correction (50.0 FTEs), the Department of Human Resources (32.0 FTEs), the Judiciary (20.0 FTEs), and the Department of Juvenile Services (13.0 FTEs), as demonstrated in **Exhibit A-1.12**. The Administration is obligated to abolish enough additional positions to meet the cap, with the proviso that 50 percent come from the Officials and Administrators job family or government relations classifications. One exception allows the Administration to "raise" the cap by the number of non-State funded positions added in fiscal 2004 through the "Rule of 250" or Section 19 of the fiscal 2004 budget bill (Chapter 202, Acts of 2003). By the end of the 2004 session, 50.0 FTE non-State funded positions had been added through this mechanism, bringing the total obligation for abolitions to 351.4 FTEs. The budget bill also requires reductions of \$9.0 million in general funds and \$4.0 million in

**Exhibit A-1.12**  
**Regular Full-time Equivalent Positions**  
**Fiscal 2004 Working Appropriation to 2005 Legislative Appropriation**

<u>Department/Service Area</u>	<u>2004 Working Approp.</u>	<u>New Positions (Net)<sup>1</sup></u>	<u>2005 Allowance</u>	<u>Session Actions</u>	<u>2005 Legis. Approp.</u>
Legislative	730.0	0.0	730.0	0.0	730.0
Judiciary	3,223.8	20.0	3,243.8	-20.0	3,223.8
Legal	1,445.1	71.5	1,516.6	0.0	1,516.6
Executive & Administrative Control	1,569.9	12.5	1,582.4	-7.0	1,575.4
Financial & Revenue Administration	2,031.7	17.0	2,048.7	-6.0	2,042.7
Budget & Management	472.3	0.0	472.3	0.0	472.3
Retirement	180.5	0.0	180.5	0.0	180.5
General Services	714.0	-8.0	706.0	0.0	706.0
Transportation	9,095.5	39.0	9,134.5	-3.0	9,131.5
Natural Resources	1,454.0	-8.0	1,446.0	-3.0	1,443.0
Agriculture	434.0	0.0	434.0	0.0	434.0
Health & Mental Hygiene	7,709.8	-88.7	7,621.1	-2.0	7,619.1
Human Resources	7,381.1	-6.0	7,375.1	-32.0	7,343.1
Labor, Licensing, & Regulation	1,519.1	-17.0	1,502.1	0.0	1,502.1
Public Safety & Correctional Services	11,231.0	30.0	11,261.0	-50.0	11,211.0
MSDE and Other Education	1,883.9	70.0	1,953.9	-2.0	1,951.9
Housing & Community Development	392.9	0.0	392.9	0.0	392.9
Business & Economic Development	299.0	0.0	299.0	0.0	299.0
Environment	951.0	1.0	952.0	-1.0	951.0
Juvenile Services	1,938.9	47.0	1,985.9	-13.0	1,972.9
Police & Fire Marshal	2,479.5	11.0	2,490.5	0.0	2,490.5
<b>Subtotal</b>	<b>57,136.9</b>	<b>191.3</b>	<b>57,328.2</b>	<b>-139.0</b>	<b>57,189.2</b>
Higher Education	20,966.2	0.0	20,966.2	0.0	20,966.2
<b>Total</b>	<b>78,103.0</b>	<b>191.3</b>	<b>78,294.3</b>	<b>-139.0</b>	<b>78,155.3</b>
<b>Non-higher Education Total</b>	<b>53,183.1</b>	<b>171.3</b>	<b>53,354.4</b>	<b>-119.0</b>	<b>53,235.4</b>
<b>Non-State funded non-higher education positions added through BPW during fiscal 2004</b>					<b>50.0</b>
<b>Positions affected by fiscal 2005 position cap</b>			<b>53,354.4</b>		<b>53,185.4</b>
<b>Additional reductions needed to reach cap of 52,834</b>			<b>-520.4</b>		<b>-351.4</b>

<sup>1</sup> These are total additional positions net of abolitions, transfers, and Board of Public Works additions. They include a reduction of 133.3 positions which reflects the implementation of bed reconfiguration in the Mental Hygiene Administration.

special funds. These reductions are attributable to position abolitions but may be taken in any object or subobject of expenditure and will result in budgetary savings in future years.

### **By the Numbers**

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

**Exhibit A-1.13** shows the impact of the legislative budget on the general fund balance for fiscal 2004 and 2005. The fiscal 2004 balance, including actions through Senate Bill 508, is estimated to be \$218.4 million. At the end of fiscal 2005, the closing balance is estimated to be \$130.3 million.

**Exhibit A-1.14**, the fiscal note on the budget bill, depicts the Governor's allowance, funding changes made through Supplemental Budgets No. 1 & 2, actions through Senate Bill 508, legislative reductions, and final appropriations for fiscal 2004 and 2005 by fund source. The Governor's original request provided for \$23.9 billion (exclusive of projected reversions and contingent reductions) in fiscal 2005 expenditures and fiscal 2004 deficiencies. The Governor added \$44.2 million in fiscal 2004 and 2005 spending via the two supplemental budgets. The legislature made \$367.3 million in reductions and contingent reductions to the total budget request, resulting in additional appropriations of \$209.9 million for fiscal 2004 (net of \$126.1 million in withdrawn appropriations), and \$23.6 billion for fiscal 2005.

**Exhibit A-1.15** illustrates budget changes by major expenditure category by fund. Total spending grows 3.1 percent. As discussed in the Budget in Brief subpart of this Part, debt service grows 8.2 percent; aid to local governments increases by 7.5 percent; entitlements grow 2.9 percent, and State agency spending rises 2.7 percent. PAYGO capital expenditures decrease 13.4 percent, largely due to cash flow changes and project completions in the transportation capital program. A \$106.7 million appropriation to the State Reserve Fund largely passes through the Rainy Day Fund to the general fund balance, as indicated in Exhibit A-1.13 which shows a net decrease of \$21 million to general fund revenues.



**Exhibit A-1.13**  
**Final Budget Status**  
**Status as of April 12, 2004**

	<u>FY 2004</u>	<u>FY 2005</u>
<b>Starting General Fund Balance</b>	<b>\$122,652,618</b>	<b>\$218,361,060</b>
<b>Revenues (2004 and 2005)</b>		
BRE Estimated Revenues – December 2003	\$9,943,666,980	\$10,391,116,880
BRE Revenue Revision – March 2004	26,784,000	3,993,000
Budget Reconciliation and Financing Act of 2003	375,931,253	128,313,786
Budget Reconciliation and Financing Act of 2004 Transfers	0	255,238,676
Budget Reconciliation and Financing Act of 2004 Revenues	8,200,039	112,167,076
Other Legislation – New Revenues	0	21,079,500
Supplemental Budget No. 1	0	500,000
Additional revenues	3,466,245	68,272,921
	<b>\$10,358,048,517</b>	<b>\$10,980,681,839</b>
Net Transfer to the GF from the Rainy Day Fund 2004 Session	0	-21,652,618
<b>Subtotal Available Revenues</b>	<b>\$10,480,701,135</b>	<b>\$11,177,390,281</b>
<b>Appropriations</b>		
General Fund Appropriations Net of Rainy Day Fund	\$10,549,279,263	\$11,250,627,037
Deficiencies	78,254,189	0
Supplemental Budget No. 1	-3,947,735	5,323,382
Supplemental Budget No. 2	7,335,443	5,642,467
BPW Withdrawn Appropriations	-204,289,897	0
BRFA Withdrawn Appropriations	-126,124,507	0
Legislative Reductions/BRFA Contingent Reductions	-986,681	-178,524,951
Estimated Agency Reversions	-37,180,000	-36,000,000
<b>Subtotal Appropriations</b>	<b>\$10,262,340,075</b>	<b>\$11,047,067,935</b>
<b>Closing General Fund Balance</b>	<b>\$218,361,060</b>	<b>\$130,322,346</b>

**Exhibit A-1.14**  
**Fiscal Note**  
**Summary of the Budget Bill – Senate Bill 125**

	<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 2004 Deficiency Budget	\$78,254,189	\$2,000,000	\$243,775,367	\$0	\$324,029,556
FY 2005 Budget	11,327,279,655 <sup>(1)</sup>	4,253,561,284	5,723,801,651	2,598,634,378	23,903,276,968
<b>Original Budget Request</b>	<b>\$11,405,533,844</b>	<b>\$4,255,561,284</b>	<b>\$5,967,577,018</b>	<b>\$2,598,634,378</b>	<b>\$24,227,306,524</b>
<b>Supplemental Budget No. 1 and 2:</b>					
FY 2004 Deficiency Budget	\$12,975,367	\$0	\$0	\$0	\$12,975,367
FY 2005 Budget	10,965,849	14,306,278	5,926,267	0	31,198,394
	<b>\$23,941,216</b>	<b>\$14,306,278</b>	<b>\$5,926,267</b>	<b>\$0</b>	<b>\$44,173,761</b>
<b>Budget Reconciliation and Financing Act of 2004:</b>					
FY 2004 Withdrawn Appropriations	-126,124,507 <sup>(2)</sup>	0	0	0	-126,124,507
<b>Total BRFA Actions</b>	<b>-\$126,124,507</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$126,124,507</b>
<b>Conference Committee Reductions:</b>					
FY 2004 Deficiency Budget	-\$986,681	\$0	\$0	\$0	-\$986,681
FY 2005 Budget	-121,107,782	-77,274,168	-40,259,378	0	-238,641,328
FY 2005 Contingent Appropriations	-57,417,169 <sup>(3)</sup>	-70,280,722 <sup>(3)</sup>	0	0	-127,697,891
<b>Total Reductions</b>	<b>-\$179,511,632</b>	<b>-\$147,554,890</b>	<b>-\$40,259,378</b>	<b>\$0</b>	<b>-\$367,325,900</b>
<b>Appropriations:</b>					
FY 2004 Deficiency Budget	-\$35,881,632	\$2,000,000	\$243,775,367	\$0	\$209,893,735
FY 2005 Budget	11,159,720,553	4,120,312,672	5,689,468,540	2,598,634,378	23,568,136,143
<b>Total Appropriation</b>	<b>\$11,123,838,921</b>	<b>\$4,122,312,672</b>	<b>\$5,933,243,907</b>	<b>\$2,598,634,378</b>	<b>\$23,778,029,878</b>

<sup>(1)</sup> Reflects general fund reversions of \$35 million and an across-the-board reduction of \$1 million in estimated savings due to implementation of some portion of the recommendations of the Commission on the Structure and Efficiency of State Government.

<sup>(2)</sup> The Budget Reconciliation and Financing Act of 2004 withdraws \$126.1 million in fiscal 2004 appropriations, including \$31.3 million from the Medicaid program and \$90.0 million from the State Police budgets due to one-time federal aid, \$1.8 million from

<sup>(3)</sup> Contingent language in the budget bill (either as submitted by the Governor or as amended by the committee) makes reductions of \$57.4 million in general funds and \$70.3 million in special funds. General fund reductions include those due to health clu

**Exhibit A-1.15**  
**State Expenditures – General Funds**  
(\$ in Millions)

<u>Category</u>	<u>Actual</u> <u>FY 2003</u>	<u>Work. Appr.</u> <u>FY 2004</u>	<u>Leg. Appr.</u> <u>FY 2005</u>	<u>FY 2004 to FY 2005</u> <u>\$ Change</u>	<u>% Change</u>
Debt Service	\$182.5	\$0.0	\$0.0	\$0.0	n/a
<b>Aid to Local Governments</b>					
County/Municipal	228.2	206.0	207.9	1.9	0.9%
Community Colleges	182.6	174.9	184.0	9.1	5.2%
Education/Libraries	3,040.2	3,369.4 *	3,683.2	313.9	9.3%
Health	61.9	60.4	60.9	0.4	0.7%
	<b>\$3,512.9</b>	<b>\$3,810.7</b>	<b>\$4,136.1</b>	<b>\$325.4</b>	<b>8.5%</b>
<b>Entitlements</b>					
Foster Care Payments	143.2	169.3	172.5	3.3	1.9%
Assistance Payments	48.5	86.6	75.6	-11.0	-12.7%
Medical Assistance	1,559.1	1,624.4 *	1,848.8	224.4	13.8%
Property Tax Credits	48.2	48.9	47.7	-1.2	-2.5%
	<b>\$1,799.0</b>	<b>\$1,929.1</b>	<b>\$2,144.6</b>	<b>\$215.5</b>	<b>11.2%</b>
<b>State Agencies</b>					
Health	1,193.3	1,183.7	1,222.4	38.7	3.3%
Human Resources	303.6	294.5	317.4	22.9	7.8%
Systems Reform Initiative	38.1	36.5	35.8	-0.7	-2.0%
Juvenile Justice	158.9	169.3	172.9	3.7	2.2%
Public Safety/Police	845.0	842.6 *	948.0	105.4	12.5%
Higher Education	895.7	837.5	839.7	2.1	0.3%
Other Education	268.2	262.3	283.5	21.2	8.1%
Agric./Nat'l. Res./Environment	146.3	135.6	130.4	-5.2	-3.8%
Other Executive Agencies	487.2	461.8	535.8	74.0	16.0%
Judicial/Legislative	321.1	334.9	340.1	5.2	1.6%
Across-the-board Cuts	0.0	0.0	-18.8	-18.8	n/a
	<b>\$4,657.5</b>	<b>\$4,558.6</b>	<b>\$4,807.2</b>	<b>\$248.6</b>	<b>5.5%</b>
<b>Subtotal</b>	<b>\$10,152.0</b>	<b>\$10,298.4</b>	<b>\$11,087.9</b>	<b>\$789.4</b>	<b>7.7%</b>
Capital	31.3	0.7	1.2	0.5	77.8%
Reserve Fund	181.0	10.0	106.7	96.7	966.5%
<b>Appropriations</b>	<b>\$10,364.2</b>	<b>\$10,309.1</b>	<b>\$11,195.7</b>	<b>\$886.6</b>	<b>8.6%</b>
Reversions	0.0	-37.0	-36.0	1.0	-2.7%
<b>Grand Total</b>	<b>\$10,364.2</b>	<b>\$10,272.1</b>	<b>\$11,159.7</b>	<b>\$887.6</b>	<b>8.6%</b>

Note: Fiscal 2004 reflects deficiency appropriations of \$83.9 million and \$1.0 million in cuts to the deficiencies.

\* Reflects targeted reversions. Targeted reversions total \$126.1 million, \$121.4 million of which is due to temporary federal aid.

**Exhibit A-1.15 (Continued)**  
**State Expenditures – Special and Higher Education Funds\***  
(\$ in Millions)

<u>Category</u>	<u>Actual</u>	<u>Work. Appr.</u>	<u>Leg. Appr.</u>	<u>FY 2004 to FY 2005</u>	
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$857.4	\$680.0	\$735.9	\$55.9	8.2%
<b>Aid to Local Governments</b>					
County/Municipal	474.5	396.8	408.5	11.7	3.0%
Community Colleges	0.8	0.0	0.0	0.0	n/a
Education/Libraries	121.7	0.3	0.2	0.0	-3.5%
Health	0.0	0.0	0.0	0.0	n/a
	<b>\$597.0</b>	<b>\$397.0</b>	<b>\$408.8</b>	<b>\$11.7</b>	<b>3.0%</b>
<b>Entitlements</b>					
Foster Care Payments	0.1	0.2	0.1	-0.1	-39.3%
Assistance Payments	20.0	16.3	17.3	1.0	6.3%
Medical Assistance	121.8	119.9	74.1	-45.8	-38.2%
Property Tax Credits	0.0	0.0	0.0	0.0	-12.7%
	<b>\$142.0</b>	<b>\$136.5</b>	<b>\$91.6</b>	<b>-\$44.9</b>	<b>-32.9%</b>
<b>State Agencies</b>					
Health	183.9	172.4	168.5	-3.9	-2.3%
Human Resources	68.3	65.6	48.2	-17.4	-26.6%
Systems Reform Initiative	0.0	2.5	2.4	-0.1	-4.6%
Juvenile Justice	0.1	0.2	0.2	0.0	0.0%
Public Safety/Police	148.2	154.5	163.7	9.2	5.9%
Higher Education	2,243.9	2,485.6	2,604.6	119.0	4.8%
Other Education	37.7	32.7	31.0	-1.8	-5.4%
Transportation	1,071.4	1,049.7	1,088.2	38.5	3.7%
Agric./Natl. Res./Environment	97.1	100.5	106.1	5.5	5.5%
Other Executive Agencies	283.0	383.7	350.9	-32.7	-8.5%
Judicial/Legislative	13.6	33.1	33.7	0.6	1.8%
Across-the-board Cuts	0.0	0.0	-7.6	-7.6	n/a
	<b>\$4,147.2</b>	<b>\$4,480.7</b>	<b>\$4,589.8</b>	<b>\$109.2</b>	<b>2.4%</b>
<b>Subtotal</b>	<b>\$5,743.5</b>	<b>\$5,694.2</b>	<b>\$5,826.1</b>	<b>\$131.9</b>	<b>2.3%</b>
Capital	972.7	1,039.3	892.9	-146.4	-14.1%
<b>Grand Total</b>	<b>\$6,716.3</b>	<b>\$6,733.4</b>	<b>\$6,718.9</b>	<b>-\$14.5</b>	<b>-0.2%</b>

Note: Fiscal 2004 reflects deficiency appropriations of \$2.0 million.

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

**Exhibit A-1.15 (Continued)**  
**State Expenditures – Federal Funds**  
**(\$ in Millions)**

<u>Category</u>	<u>Actual</u>	<u>Work. Appr.</u>	<u>Leg. Appr.</u>	<u>FY 2004 to FY 2005</u>	
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$0.0	\$0.0	\$0.0	\$0.0	n.a.
<b>Aid to Local Governments</b>					
County/Municipal	19.5	22.4	27.6	5.2	23.1%
Community Colleges	0.0	0.0	0.0	0.0	n/a
Education/Libraries	630.9	682.6	708.7	26.1	3.8%
Health	4.5	4.5	4.5	0.0	0.0%
	<b>\$654.9</b>	<b>\$709.5</b>	<b>\$740.8</b>	<b>\$31.3</b>	<b>4.4%</b>
<b>Entitlements</b>					
Foster Care Payments	102.0	83.9	81.6	-2.3	-2.7%
Assistance Payments	346.5	273.2	323.1	49.9	18.2%
Medical Assistance	1,713.4	2,042.8	1,956.0	-86.8	-4.3%
Property Tax Credits	0.0	0.0	0.0	0.0	n/a
	<b>\$2,161.9</b>	<b>\$2,399.9</b>	<b>\$2,360.6</b>	<b>-\$39.3</b>	<b>-1.6%</b>
<b>State Agencies</b>					
Health	595.3	663.4	670.1	6.6	1.0%
Human Resources	540.3	526.9	523.1	-3.8	-0.7%
Systems Reform Initiative	24.9	28.5	25.0	-3.5	-12.1%
Juvenile Justice	14.0	14.8	15.4	0.6	4.0%
Public Safety/Police	100.6	24.7	7.3	-17.4	-70.6%
Higher Education	0.0	0.0	0.0	0.0	n/a
Other Education	107.5	115.0	121.8	6.8	5.9%
Transportation	76.8	79.9	75.1	-4.8	-6.0%
Agric./Natl. Res./Environment	48.9	55.8	51.4	-4.4	-7.9%
Other Executive Agencies	395.8	438.5	405.7	-32.8	-7.5%
Judicial/Legislative	2.4	1.9	2.7	0.8	41.4%
	0.0	0.0	-3.5	-3.5	n/a
	<b>\$1,906.6</b>	<b>\$1,949.3</b>	<b>\$1,894.1</b>	<b>-\$55.3</b>	<b>-2.8%</b>
<b>Subtotal</b>	<b>\$4,723.3</b>	<b>\$5,058.7</b>	<b>\$4,995.5</b>	<b>-\$63.2</b>	<b>-1.3%</b>
Capital	650.3	793.4	694.0	-99.4	-12.5%
<b>Grand Total</b>	<b>\$5,373.6</b>	<b>\$5,852.1</b>	<b>\$5,689.5</b>	<b>-\$162.7</b>	<b>-2.8%</b>

Note: Fiscal 2004 reflects deficiency appropriations of \$243.8 million.

**Exhibit A-1.15 (Continued)**  
**State Expenditures – State Funds**  
**(\$ in Millions)**

<u>Category</u>	<u>Actual</u>	<u>Work. Appr.</u>	<u>Leg. Appr.</u>	<u>FY 2004 to FY 2005</u>	
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,039.9	\$680.0	\$735.9	\$55.9	8.2%
<b>Aid to Local Governments</b>					
County/Municipal	702.7	602.8	616.4	13.7	2.3%
Community Colleges	183.4	174.9	184.0	9.1	5.2%
Education/Libraries	3,161.8	3,369.6 *	3,683.5	313.9	9.3%
Health	61.9	60.4	60.9	0.4	0.7%
	<b>\$4,109.9</b>	<b>\$4,207.7</b>	<b>\$4,544.8</b>	<b>\$337.1</b>	<b>8.0%</b>
<b>Entitlements</b>					
Foster Care Payments	143.4	169.5	172.7	3.2	1.9%
Assistance Payments	68.5	102.8	92.9	-10.0	-9.7%
Medical Assistance	1,680.9	1,744.3 *	1,923.0	178.6	10.2%
Property Tax Credits	48.3	48.9	47.7	-1.2	-2.5%
	<b>\$1,941.0</b>	<b>\$2,065.6</b>	<b>\$2,236.2</b>	<b>\$170.6</b>	<b>8.3%</b>
<b>State Agencies</b>					
Health	1,377.1	1,356.0	1,390.9	34.8	2.6%
Human Resources	372.0	360.1	365.6	5.4	1.5%
Systems Reform Initiative	38.1	39.0	38.2	-0.8	-2.1%
Juvenile Justice	159.0	169.5	173.2	3.7	2.2%
Public Safety/Police	993.2	997.1 *	1,111.7	114.6	11.5%
Higher Education	3,139.6	3,323.1	3,444.3	121.2	3.6%
Other Education	305.9	295.0	314.5	19.5	6.6%
Transportation	1,071.4	1,049.7	1,088.2	38.5	3.7%
Agric./Natl. Res./Environment	243.4	236.1	236.5	0.3	0.1%
Other Executive Agencies	770.3	845.5	886.7	41.2	4.9%
Judicial/Legislative	334.8	368.0	373.8	5.8	1.6%
Across-the-board Cuts	0.0	0.0	-26.4	-26.4	n/a
	<b>\$8,804.7</b>	<b>\$9,039.3</b>	<b>\$9,397.0</b>	<b>\$357.8</b>	<b>4.0%</b>
<b>Subtotal</b>					
	<b>\$15,895.5</b>	<b>\$15,992.6</b>	<b>\$16,913.9</b>	<b>\$921.3</b>	<b>5.8%</b>
Capital	1,004.0	1,039.9	894.1	-145.9	-14.0%
Reserve Fund	181.0	10.0	106.7	96.7	966.5%
<b>Appropriations</b>	<b>\$17,080.5</b>	<b>\$17,042.6</b>	<b>\$17,914.7</b>	<b>\$872.1</b>	<b>5.1%</b>
Reversions	0.0	-37.0	-36.0	1.0	-2.7%
<b>Grand Total</b>	<b>\$17,080.5</b>	<b>\$17,005.6</b>	<b>\$17,878.7</b>	<b>\$873.1</b>	<b>5.1%</b>

Note: Fiscal 2004 reflects deficiency appropriations of \$85.9 million and \$1.0 million in cuts to the deficiencies.

\* Reflects targeted reversions. Targeted reversions total \$126.1 million, \$121.4 million of which is due to temporary federal aid.

**Exhibit A-1.15 (Continued)**  
**State Expenditures – All Funds**  
**(\$ in Millions)**

<u>Category</u>	<u>Actual</u>	<u>Work. Appr.</u>	<u>Leg. Appr.</u>	<u>FY 2004 to FY 2005</u>	
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Change</u>	<u>% Change</u>
Debt Service	\$1,039.9	\$680.0	\$735.9	\$55.9	8.2%
<b>Aid to Local Governments</b>					
County/Municipal	722.1	625.2	644.0	18.9	3.0%
Community Colleges	183.4	174.9	184.0	9.1	5.2%
Education/Libraries	3,792.7	4,052.2 *	4,392.1	340.0	8.4%
Health	66.4	64.9	65.4	0.4	0.7%
	<b>\$4,764.7</b>	<b>\$4,917.2</b>	<b>\$5,285.6</b>	<b>\$368.4</b>	<b>7.5%</b>
<b>Entitlements</b>					
Foster Care Payments	245.4	253.4	254.2	0.9	0.3%
Assistance Payments	415.0	376.0	415.9	39.9	10.6%
Medical Assistance	3,394.2	3,787.2 *	3,879.0	91.8	2.4%
Property Tax Credits	48.3	48.9	47.7	-1.2	-2.5%
	<b>\$4,102.8</b>	<b>\$4,465.5</b>	<b>\$4,596.8</b>	<b>\$131.3</b>	<b>2.9%</b>
<b>State Agencies</b>					
Health	1,972.4	2,019.4	2,060.9	41.5	2.1%
Human Resources	912.3	887.0	888.7	1.7	0.2%
Systems Reform Initiative	63.0	67.5	63.2	-4.3	-6.4%
Juvenile Justice	173.0	184.3	188.5	4.2	2.3%
Public Safety/Police	1,093.8	1,021.8 *	1,119.0	97.2	9.5%
Higher Education	3,139.6	3,323.1	3,444.3	121.2	3.6%
Other Education	413.4	410.0	436.3	26.3	6.4%
Transportation	1,148.2	1,129.7	1,163.4	33.7	3.0%
Agric./Natl. Res./Environment	292.2	291.9	287.9	-4.0	-1.4%
Other Executive Agencies	1,166.1	1,284.0	1,292.4	8.4	0.7%
Judicial/Legislative	337.2	369.9	376.5	6.6	1.8%
Across-the-board Cuts	0.0	0.0	-29.9	-29.9	n/a
	<b>\$10,711.3</b>	<b>\$10,988.6</b>	<b>\$11,291.1</b>	<b>\$302.5</b>	<b>2.8%</b>
<b>Subtotal</b>					
	<b>\$20,618.8</b>	<b>\$21,051.3</b>	<b>\$21,909.4</b>	<b>\$858.1</b>	<b>4.1%</b>
Capital	1,654.3	1,833.3	1,588.1	-245.3	-13.4%
Reserve Fund	181.0	10.0	106.7	96.7	966.5%
<b>Appropriations</b>	<b>\$22,454.1</b>	<b>\$22,894.7</b>	<b>\$23,604.1</b>	<b>\$709.5</b>	<b>3.1%</b>
Reversions	0.0	-37.0	-36.0	1.0	-2.7%
<b>Grand Total</b>	<b>\$22,454.1</b>	<b>\$22,857.7</b>	<b>\$23,568.1</b>	<b>\$710.5</b>	<b>3.1%</b>

Note: FY 2004 reflects deficiency appropriations of \$329.7 million and \$1.0 million in cuts to the general fund deficiencies.

\* Reflects targeted reversions. Targeted reversions total \$126.1 million, \$121.4 million of which is due to temporary federal aid.

## Capital Budget

The 2004 General Assembly passed a capital budget totaling \$2.3 billion, including \$1.4 billion for the transportation program. Of the total amount, \$655 million is funded with general obligation bonds; approximately \$1.4 billion is funded on a pay-as-you-go (PAYGO) basis in the operating budget; and \$230 million is funded with revenue bonds, including higher education academic bonds (\$25 million) and transportation bonds (\$205 million). **Exhibit A-2.1** presents an overview of the State's Capital program for fiscal 2005. **Exhibit A-2.2** shows the sources and uses of the funds for the nontransportation capital program.

General obligation debt totaling \$663.7 million is authorized in the Maryland Consolidated Capital Bond Loan of 2004 *Senate Bill 191 (passed)*. This includes \$5 million authorized in the Southern Maryland Regional Strategy-Action Plan for Agricultural Loan of 2001, and \$30.4 million authorized in the Maryland Consolidated Capital Bond Loan of 2003 for legislative initiative projects. This is offset by deauthorizations of \$8.7 million in previously authorized debt resulting in a net increase of \$655 million.

The Maryland Consolidated Capital Bond Loan of 2004 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 addiction facilities;
- environmental programs such as the Chesapeake Bay Water Quality, asbestos abatement, GreenPrint, Program Open Space, and Rural Legacy programs;
- housing and community development such as the Partnership Rental Housing and Community Legacy programs; and
- local projects and legislative initiatives.



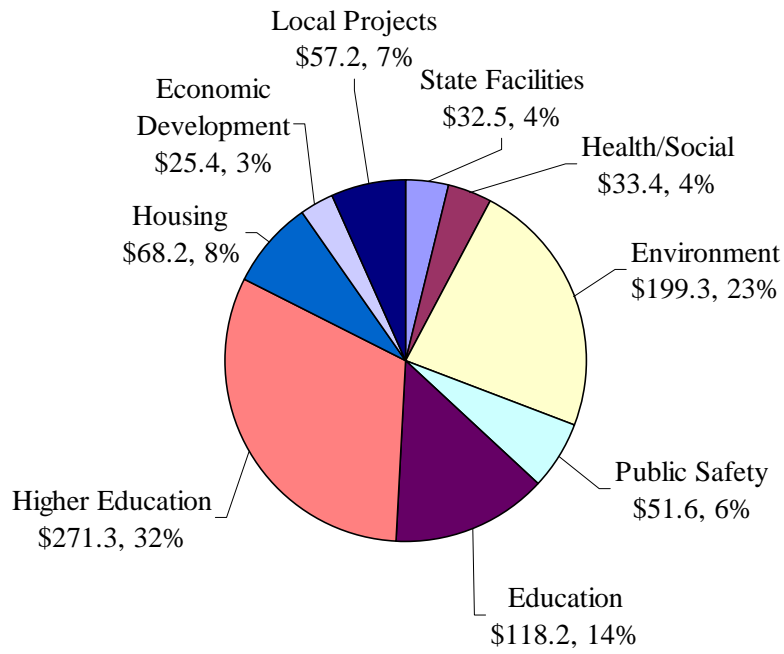
**Exhibit A-2.1**  
**Summary of the Capital Programs as Passed for the 2004 Session**

<b>Function</b>	<b>Bonds</b>			<b>Current Funds (PAYGO)</b>			<b>Total</b>
	<b>General Obligation</b>	<b>Agency</b>	<b>Recycled</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
<b>State Facilities</b>							<b>\$32.5</b>
Facilities Renewal	\$12.8	\$0.0	\$0.0	\$0.0	\$0.3	\$0.0	
Other	19.0	0.0	0.0	0.0	0.0	0.4	
<b>Health/Social</b>							<b>\$33.4</b>
State Facilities	3.3	0.0	0.0	0.0	0.0	0.0	
Private Hospitals	7.5	0.0	0.0	0.0	0.0	0.0	
Other	22.6	0.0	0.0	0.0	0.0	0.0	
<b>Environment</b>							<b>\$199.3</b>
Natural Resources	31.5	0.0	0.0	0.0	18.3	2.5	
Agriculture	16.0	0.0	0.0	0.0	13.2	3.5	
Environment	35.3	0.0	0.0	0.0	35.5	37.2	
Environmental Services	3.3	0.0	0.0	0.0	0.0	0.0	
Energy	0.0	0.0	0.0	0.0	3.0	0.0	
<b>Public Safety</b>							<b>\$51.6</b>
State Corrections	34.2	0.0	0.0	0.0	0.0	0.0	
Local Jails	15.3	0.0	0.0	0.0	0.0	0.0	
State Police	1.1	0.0	0.0	1.0	0.0	0.0	
<b>Education</b>							<b>\$118.2</b>
School Construction	114.2	0.0	0.0	0.0	2.4	0.0	
Other	1.6	0.0	0.0	0.0	0.0	0.0	
<b>Higher Education</b>							<b>\$271.3</b>
University System	145.8	25.0	0.0	0.0	0.0	0.0	
Morgan State University	8.3	0.0	0.0	0.0	0.0	0.0	
St. Mary's College	26.7	0.0	0.0	0.0	0.0	0.0	
Community Colleges	47.0	0.0	0.0	0.0	0.0	0.0	
Private Colleges/Universities	8.5	0.0	0.0	0.0	0.0	0.0	
UMMS	10.0	0.0	0.0	0.0	0.0	0.0	
<b>Housing/Community Development</b>							<b>\$68.2</b>
Housing	23.3	0.0	0.0	0.0	22.4	16.8	
Other	5.7	0.0	0.0	0.0	0.0	0.0	
<b>Economic Development</b>							<b>\$25.2</b>
Economic Development	13.5	0.0	0.0	0.0	11.7	0.0	
<b>Local Projects</b>							<b>\$57.4</b>
Administration	26.8	0.0	0.0	0.2	0.0	0.0	
Legislative	30.4	0.0	0.0	0.0	0.0	0.0	
<b>Deauthorizations</b>	-8.7	0.0	0.0	0.0	0.0	0.0	<b>-\$8.7</b>
<b>Subtotal</b>	<b>\$655.0</b>	<b>\$25.0</b>	<b>\$0.0</b>	<b>\$1.2</b>	<b>\$106.9</b>	<b>\$60.4</b>	<b>\$848.5</b>
<b>Transportation</b>	0.0	205.0	0.0	0.0	581.0	661.1	<b>\$1,447.1</b>
<b>Grand Total</b>	<b>\$655.0</b>	<b>\$230.0</b>	<b>\$0.0</b>	<b>\$1.2</b>	<b>\$687.8</b>	<b>\$721.5</b>	<b>\$2,295.6</b>

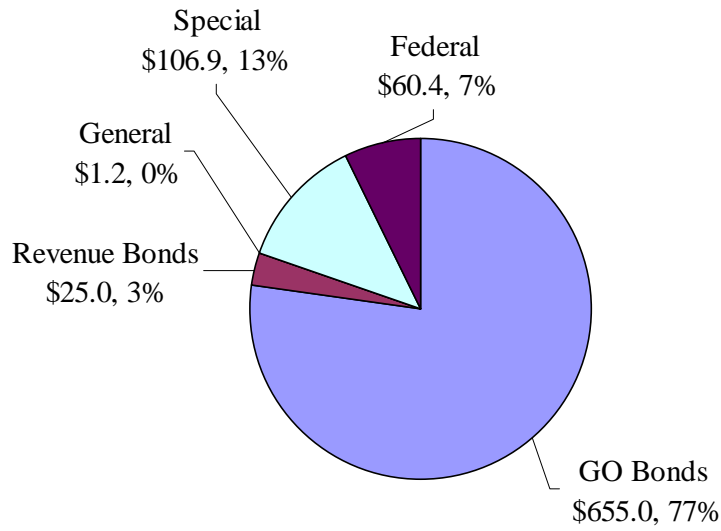
Note: Numbers may not sum to total due to rounding.  
UMMS = University of Maryland Medical System

### Exhibit A-2.2 Nontransportation Capital

#### Uses



#### Sources



In addition to being used to fund the same types of projects funded with general obligation debt, PAYGO funds are used primarily to support environmental, housing, and economic development programs. Also, *House Bill 1068 (passed)* authorizes \$25 million in debt for academic facilities at the University System of Maryland. **Exhibit A-2.3** lists capital projects by fund source. The individual legislative initiative projects are listed in **Exhibit A-2.4**

**Exhibit A-2.3**  
**Capital Program as Passed – 2004 Session**

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>		<b>Current Funds</b>		<b>Federal</b>	<b>Total</b>
		<b>Go Bonds</b>	<b>Agency</b>	<b>General</b>	<b>Special</b>		
<b>State Facilities</b>							
DA02.01(A)	OID: Accessibility Modifications	\$1,600,000	\$0	\$0	\$0	\$0	\$1,600,000
DE02.01(A)	State House Renovations	4,600,000	0	0	0	0	4,600,000
DE02.01(B)	2100 Guilford Avenue	5,344,000	0	0	0	0	5,344,000
DE02.01(C)	301 West Preston Street	1,700,000	0	0	0	0	1,700,000
DE02.01(D)	DGS: Capital Facility Renewal	6,049,000	0	0	300,000	0	6,349,000
DE02.01(E)	Public Safety Communications System	5,000,000	0	0	0	400,000	5,400,000
DE02.01(F)	DGS: Asbestos Abatement Program	2,000,000	0	0	0	0	2,000,000
DE02.01(G)	Construction Contingency Fund	2,000,000	0	0	0	0	2,000,000
DE02.01(H)	Underground Heating Storage Tank Replacement	500,000	0	0	0	0	500,000
DE02.01(I)	Centreville District Court Park	0	0	0	0	0	0
DE02.01(J)	DGS: CFC Mitigation Fund	350,000	0	0	0	0	350,000
DE02.01(K)	Rockville District Court	2,378,000	0	0	0	0	2,378,000
DE02.01(L)	Centreville District Court/Multiservice Center	<u>230,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>230,000</u>
	<b>Subtotal</b>	<b>\$31,751,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$400,000</b>	<b>\$32,451,000</b>
<b>Health/Social</b>							
DA07(A)	Aging: Senior Citizens Activities Centers	1,986,000	0	0	0	0	1,986,000
MA01(A)	DHMH: Community Health Facilities	8,447,000	0	0	0	0	8,447,000
MA01(B)	DHMH: Federally Qualified Health Centers	2,400,000	0	0	0	0	2,400,000

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>		<b>Current Funds</b>			<b>Total</b>
		<b>Go Bonds</b>	<b>Agency</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
ML10(A)	Clifton T. Perkins Hospital Center: Security Wing	9,625,000	0	0	0	0	9,625,000
VA01(A)	DJS: Juvenile Services Facilities	3,337,000	0	0	0	0	3,337,000
VA01(B)	DJS: Charles H. Hickey, Jr. School	2,691,000	0	0	0	0	2,691,000
ZA00(O)	Prince George's Hospital Center	4,025,000	0	0	0	0	4,025,000
ZC01(A)	MHA: Franklin Square Hospital	209,000	0	0	0	0	209,000
ZC01(B)	MHA: Greater Baltimore Medical Center	535,000	0	0	0	0	535,000
ZC01(C)	MHA: Holy Cross Health	1,522,000	0	0	0	0	1,522,000
ZC01(D)	MHA: Laurel Regional Hospital	675,000	0	0	0	0	675,000
ZC01(E)	MHA: Prince George's Hospital	300,000	0	0	0	0	300,000
ZC01(F)	MHA: St. Joseph Medical Center	<u>230,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>230,000</u>
	<b>Subtotal</b>	<b>\$33,399,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,399,000</b>
<b>Environment</b>							
DA13.02	MEA: Community Energy Loans	0	0	0	1,500,000	0	1,500,000
DA13.03	MEA: State Agency Loans	0	0	0	1,500,000	0	1,500,000
KA05(A)	DNR: GreenPrint Program	3,000,000	0	0	0	0	3,000,000
KA05(B)	DNR: Program Open Space	15,000,000	0	0	0	2,000,000	17,000,000
KA05(C)	DNR: State Capital Improvements	3,572,000	0	0	0	0	3,572,000
K00A02	DNR: Pocomoke Shade Landing	0	0	0	363,000	0	363,000
K00A02	DNR: Critical Maintenance	0	0	0	3,500,000	0	3,500,000
KA05(D)	DNR: Community Parks and Playground	5,000,000	0	0	0	0	5,000,000
KA05(E)	DNR: Rural Legacy Program	2,000,000	0	0	0	0	2,000,000
KA17(A)	DNR: Oyster Restoration Program	3,000,000	0	0	0	0	3,000,000
K00A02	DNR: Ocean City Beach Replacement	0	0	0	2,000,000	0	2,000,000
K00A02	DNR: Waterway Improvement	0	0	0	11,950,000	500,000	12,450,000
K00A02	DNR: Shore Erosion Control Program	0	0	0	500,000	0	500,000
LA11(A)	MDA: Agricultural Land Preservation	5,000,000	0	0	8,580,000	3,500,000	16,080,000
LA11	MDA: Tobacco Transition	5,000,000	0	0	4,653,000	0	9,653,000

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>		<b>Current Funds</b>			<b>Total</b>
		<b>Go Bonds</b>	<b>Agency</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
LA15(A)	MDA: Agricultural Cost Share	6,000,000	0	0	0	0	6,000,000
UA01(A)	MDE: Water Quality Revolving Loan Fund	6,407,000	0	0	32,840,000	30,753,000	70,000,000
UA01(B)	MDE: Drinking Revolving Loan Fund	1,860,000	0	0	2,687,000	6,453,000	11,000,000
UA01(C)	MDE: Hazardous Substance Cleanup Program	1,500,000	0	0	0	0	1,500,000
UA04(A1)	MDE: CBWQ Nutrient Removal	17,000,000	0	0	0	0	17,000,000
UA04(A2)	MDE: CBWQ Supplemental Assistance	5,000,000	0	0	0	0	5,000,000
UA04(A3)	MDE: CBWQ Small Creeks and Estuaries	500,000	0	0	0	0	500,000
UA04(A4)	MDE: Stormwater Pollution Control	500,000	0	0	0	0	500,000
UA04(B)	MDE: Water Supply Assistance Fund	2,500,000	0	0	0	0	2,500,000
UB00(A)	MES: Infrastructure Improvement Fund	<u>3,257,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,257,000</u>
	<b>Subtotal</b>	<b>\$86,096,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70,073,000</b>	<b>\$43,206,000</b>	<b>\$199,375,000</b>
<b>Public Safety</b>							
QB04(A)	DPSCS: Correctional Training Center	1,060,000	0	0	0	0	1,060,000
QB05(A)	DPSCS: MCIW Support Services	54,000	0	0	0	0	54,000
QB06(A)	DPSCS: Brockbridge Correctional Facility	8,451,000	0	0	0	0	8,451,000
QB0801(A)	DPSCS: WCI-New Warehouse	0	0	0	0	0	0
QB0802(A)	DPSCS: NBCI Housing Unit	17,536,000	0	0	0	0	17,536,000
QD00(A)	DPSCS: Patuxent Institute Electrical Services	385,000	0	0	0	0	385,000
QG00(A)	DPSCS: Public Safety Training Center	940,000	0	0	0	0	940,000
QP00A)	DPSCS: BCDC Property Acquisition	2,500,000	0	0	0	0	2,500,000
QP00(B)	DPSCS: BCDC Women's Detention Center	3,335,000	0	0	0	0	3,335,000
WA01(A)	DSP: Forensic Science Laboratory	784,000	0	1,000,000	0	0	1,784,000
WA01(B)	DSP: Easton Barrack and Garage	307,000	0	0	0	0	307,000
ZB02(A)	Local Jails: Baltimore County Detention Center	10,000,000	0	0	0	0	10,000,000
ZB02(B)	Local Jails: Charles County Detention Center	336,000	0	0	0	0	336,000

Budget Code	Project Title	Bonds		Current Funds			Total
		Go Bonds	Agency	General	Special	Federal	
ZB02(C)	Local Jails: Montgomery County Detention Center	3,048,000	0	0	0	0	3,048,000
ZB02(D)	Local Jails: Prince George's Correctional Center	1,214,000	0	0	0	0	1,214,000
ZB02(E)	Local Jails: Worcester County Jail	<u>660,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>660,000</u>
	<b>Subtotal</b>	<b>\$50,610,000</b>	<b>\$0</b>	<b>\$1,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$51,610,000</b>
<b>Education</b>							
DE02.02(A)	Public School Construction	114,226,000	0	0	2,400,000	0	116,626,000
RP00.05(A)	MPBC: Digital Interconnection Network System	500,000	0	0	0	0	500,000
RE01(A)	MSDE: Elementary and Support Services Building	681,000	0	0	0	0	681,000
RE01(B)	MSDE: Family Education Building	402,000	0	0	0	0	402,000
RE01(C)	MSDE: Main Building Elevator/Columbia Campus	<u>50,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
	<b>Subtotal</b>	<b>\$115,859,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,400,000</b>	<b>\$0</b>	<b>\$118,259,000</b>
<b>Higher Education</b>							
RB21(A)	UMB: Dental School	9,000,000	10,000,000	0	0	0	19,000,000
RB21(B)	UMB: Howard Hall Renovation	4,665,000	0	0	0	0	4,665,000
RB22(A)	UMCP: Biological Sciences Research Building	55,805,000	0	0	0	0	55,805,000
RB22(B)	UMCP: Engineering and Applied Sciences Building	2,400,000	0	0	0	0	2,400,000
RB23(A)	BSU: Center for Business and Graduate Studies	17,550,000	0	0	0	0	17,550,000
RB24(A)	TU: College of Liberal Arts Complex	4,242,000	0	0	0	0	4,242,000
RB24(B)	TU: Fine Arts Building	3,575,000	0	0	0	0	3,575,000
RB25(A)	UMES: Social Sciences Building	3,063,000	0	0	0	0	3,063,000
RB27(A)	CSC: Campuswide Utilities/Security Upgrade	9,440,000	0	0	0	0	9,440,000
RB27(B)	CSC: Grace Jacobs Building	3,375,000	0	0	0	0	3,375,000
RB27(C)	CSC: Physical Education Complex	2,704,000	0	0	0	0	2,704,000

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>		<b>Current Funds</b>		<b>Federal</b>	<b>Total</b>
		<b>Go Bonds</b>	<b>Agency</b>	<b>General</b>	<b>Special</b>		
RB27(D)	CSC: Telecommunications Upgrade	2,500,000	0	0	0	0	2,500,000
RB27(E)	CSC: Conner Administration Building	1,829,000	0	0	0	0	1,829,000
RB28(A)	UB: 1300 North Charles Street	0	0	0	0	0	0
RB29(A)	SU: Teacher Education – Technology Complex	3,009,000	0	0	0	0	3,009,000
RB31(A)	UMBC: Chemistry Building Renovation	3,000,000	0	0	0	0	3,000,000
RB35(A)	UMBI: Center Advanced Research in Biotech.	5,000,000	0	0	0	0	5,000,000
RB36rb	USM: Facility Renewal	0	15,000,000	0	0	0	15,000,000
RC00(A)	BCCC: Main Building Liberty Campus	14,675,000	0	0	0	0	14,675,000
RD00(A)	SMC: New Academic Building	18,576,000	0	0	0	0	18,576,000
RD00(B)	SMC: Student Services Building	8,109,000	0	0	0	0	8,109,000
RI00(A)	MHEC: Community Colleges	38,881,000	0	0	0	0	38,881,000
RI00(B)	MHEC: Mont. College/Takoma Park Expansion	8,100,000	0	0	0	0	8,100,000
RM00(A)	MSU: Northwood Property Acquisition	5,700,000	0	0	0	0	5,700,000
RM00(B)	MSU: Banneker Hall Renovation	1,367,000	0	0	0	0	1,367,000
RM00(C)	MSU: Montebello E-Wing Demolition	0	0	0	0	0	0
RM00(D)	MSU: Campuswide Site Improvements	696,000	0	0	0	0	696,000
RM00(E)	MSU: Communications Center/Pedestrian Bridge	0	0	0	0	0	0
RM00(F)	MSU: Campuswide Utility Upgrades	489,000	0	0	0	0	489,000
RQ00(A)	UMMS: Diagnostic and Treatment Facilities Improvement	5,000,000	0	0	0	0	5,000,000
RQ00(B)	UMMS: Ambulatory Care Facilities Improvement	5,000,000	0	0	0	0	5,000,000
RQ00(C)	Walter P. Carter Center Renovations	0	0	0	0	0	0
ZA00(G)	MICUA: Columbia Union College	2,250,000	0	0	0	0	2,250,000
ZA00(H)	MICUA: Johns Hopkins University	2,000,000	0	0	0	0	2,000,000
ZA00(I)	MICUA: Sojourner Douglass College	2,000,000	0	0	0	0	2,000,000
ZA00(J)	MICUA: Villa Julie College	<u>2,250,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,250,000</u>
	<b>Subtotal</b>	<b>\$246,250,000</b>	<b>\$25,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$271,250,000</b>



Budget Code	Project Title	Bonds		Current Funds			Total
		Go Bonds	Agency	General	Special	Federal	
<b>Housing/Community Development</b>							
DB01(A)	HSMCC: St. John's Archeological Site	5,700,000	0	0	0	0	5,700,000
SA23(A)	DHCD: MHT Capital Grant	700,000	0	0	0	0	700,000
SA23(B)	DHCD: MHT Revolving Fund	250,000	0	0	200,000	0	450,000
SA24(A)	DHCD: Community Legacy Program	5,000,000	0	0	0	0	5,000,000
SA25(A)	DHCD: Rental Housing Program	7,409,000	0	0	4,247,000	0	11,656,000
SA25(B)	DHCD: Partnership Rental Program	6,000,000	0	0	0	0	6,000,000
SA25(C)	DHCD: Homeownership Program	2,989,000	0	0	4,511,000	0	7,500,000
SA25(D)	DHCD: Shelter and Transitional Housing	1,000,000	0	0	0	0	1,000,000
S00A2306	DHCD: Special Loans Program	0	0	0	7,350,000	1,200,000	8,550,000
S00A2306	DHCD: Neighborhood Business Development	0	0	0	6,091,000	0	6,091,000
S00A2306	DHCD: Community Development Block Grants	0	0	0	0	10,000,000	10,000,000
	<b>Subtotal</b>	<b>\$29,048,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$22,399,000</b>	<b>\$16,844,000</b>	<b>\$68,291,000</b>
<b>Economic Development</b>							
DE02.01(M)	TEDCO: Technology Incubator	1,500,000	0	0	0	0	1,500,000
TF00(A)	DBED: Economic Development Assistance Fund	12,000,000	0	0	11,750,000	0	23,750,000
	<b>Subtotal</b>	<b>\$13,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,750,000</b>	<b>\$0</b>	<b>\$25,250,000</b>
<b>Local Projects</b>							
D06E02.01	Wheaton Multi-Purpose Youth Center	0	0	200,000	0	0	200,000
ZA00(A)	B&O Railroad Museum	1,500,000	0	0	0	0	1,500,000
ZA00(B)	Baltimore City West Side Revitalization	4,500,000	0	0	0	0	4,500,000
ZA00(C)	Baltimore Zoo Facilities Renewal	750,000	0	0	0	0	750,000
ZA00(D)	Catholic Charities – Our Daily Bread	2,000,000	0	0	0	0	2,000,000
ZA00(E)	East Baltimore Biotechnology Park	4,500,000	0	0	0	0	4,500,000
ZA00(F)	Kennedy Krieger Institute	1,500,000	0	0	0	0	1,500,000
ZA00(K)	Maryland Science Center	2,000,000	0	0	0	0	2,000,000

<b>Budget Code</b>	<b>Project Title</b>	<b>Bonds</b>		<b>Current Funds</b>			<b>Total</b>
		<b>Go Bonds</b>	<b>Agency</b>	<b>General</b>	<b>Special</b>	<b>Federal</b>	
ZA00(L)	TEDCO Incubator Program	1,000,000	0	0	0	0	1,000,000
ZA00(M)	National Aquarium in Baltimore	3,000,000	0	0	0	0	3,000,000
ZA00(N)	National Research Institute for the Blind	1,500,000	0	0	0	0	1,500,000
ZA00(P)	Rockville Town Center Redevelopment	1,500,000	0	0	0	0	1,500,000
ZA00(Q)	Sheppard Pratt Hospital	1,000,000	0	0	0	0	1,000,000
ZA00(R)	Strathmore Hall Performing Arts Center	2,000,000	0	0	0	0	2,000,000
ZZ00	Legislative Initiatives	<u>30,400,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>30,400,000</u>
	<b>Subtotal</b>	<b>\$57,150,000</b>	<b>\$0</b>	<b>\$200,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$57,350,000</b>
<b>Subtotal</b>		<b>\$663,663,000</b>	<b>\$25,000,000</b>	<b>\$1,200,000</b>	<b>\$106,922,000</b>	<b>\$60,450,000</b>	<b>\$857,260,250</b>
<b>Transportation</b>		\$0	\$205,000,000	\$0	\$580,944,807	\$661,153,000	\$1,447,097,000
<b>Deauthorizations</b>		-\$8,663,000	\$0	\$0	\$0	\$0	\$0
<b>Grand Total</b>		<b>\$655,000,000</b>	<b>\$230,000,000</b>	<b>\$1,200,000</b>	<b>\$687,866,807</b>	<b>\$721,603,000</b>	<b>\$2,295,669,807</b>

**Exhibit A-2.4**  
**Legislative Projects – 2004 Session – Final Action**

**Senate Legislative Projects**

<u>Project Title</u>	<u>County</u>	<u>Senate Projects</u>	
		<u>Amount</u>	<u>Match</u>
<b>Statewide Projects</b>			
Baltimore Zoo Trams		\$450,000	Soft(U,2)
Joseph Meyerhoff Symphony Hall		600,000	Soft(2,3)
Maryland School for the Blind		300,000	Hard
Maryland Food Bank		962,000	Soft(3)
National Capital Trolley Museum		75,000	Soft(2,3)
<b>Local Projects</b>			
Eastport Fire Station and Paramedic Unit	Anne Arundel	250,000	Soft(all)
Emergency Operations Center	Anne Arundel	75,000	Hard
Marley Neck School Center	Anne Arundel	50,000	Hard
Odenton Heritage Complex	Anne Arundel	250,000	Soft(all)
Baltimore Clayworks	Baltimore City	100,000	Soft(2,3)
Bethel A.M.E. Museum and Cyber Community Center	Baltimore City	250,000	Soft(all)
Carroll Mansion Museum	Baltimore City	75,000	Soft(2)
Center for Poverty Solutions	Baltimore City	250,000	Hard
Dallas Street Community Educational Center	Baltimore City	300,000	Soft(all)
Family Life Project	Baltimore City	150,000	Soft(all)
Great Blacks in Wax Museum	Baltimore City	300,000	Soft(all)
League for People with Disabilities	Baltimore City	50,000	Hard
Lyndhurst Recreation Center	Baltimore City	100,000	Hard(U)
Northwood Baseball Little League	Baltimore City	200,000	Hard
Outward Bound Leakin Park Project	Baltimore City	100,000	Soft(all)
Polish Home Hall Cultural Center	Baltimore City	150,000	Soft(2,3)
Children's Home	Baltimore	250,000	Hard
Eastern Regional Trail Network	Baltimore	250,000	Hard
Inverness Community Center	Baltimore	700,000	Hard
Recreation Facilities Revitalization	Baltimore	800,000	Hard
Boys and Girls Club of So. Md. Expansion	Calvert	500,000	Soft(1)
Carroll Hospice	Carroll	100,000	Soft(1)
African American Heritage Society	Charles	300,000	Soft(all)
Veterans Memorial	Charles	50,000	Soft(all)
Dorchester County Historical Society	Dorchester	250,000	Soft(2)
YMCA	Dorchester	10,000	Soft(2)
American Red Cross	Frederick	350,000	Hard

<u>Project Title</u>	<u>County</u>	<u>Senate Projects</u>	
		<u>Amount</u>	<u>Match</u>
Salem School	Garrett	425,000	Soft(all)
Sexual Assault/Spousal Abuse Resource Ctr.	Harford	150,000	Hard
Blandair Mansion	Howard	500,000	Hard
Boys and Girls Club Gymnasium	Montgomery	500,000	Soft(all)
Easter Seals Inter-Generational Center and Regional Head Quarters	Montgomery	100,000	Soft(1)
Goodwill Industries Intl Member Services Center	Montgomery	100,000	Soft(3)
Imagination Stage	Montgomery	100,000	Soft(2,3)
Kensington Recreation Center	Montgomery	100,000	Soft(1)
Lone Oak	Montgomery	250,000	Soft(all)
Melvin J. Berman Hebrew Academy Auditorium	Montgomery	150,000	Hard
Olney Skate Park	Montgomery	350,000	Hard
Our House Youth Home	Montgomery	25,000	Hard
South Valley Park	Montgomery	50,000	Hard
Takoma Park Community Learning Center	Montgomery	300,000	Soft(all)
Volunteer and Training Center	Montgomery	250,000	Soft(2,3)
Wheaton Multi-Service Youth Facility	Montgomery	100,000	Hard
African American Cult Heritage Center at N. Brentwood	Prince George's	250,000	Hard
Bowie Center for the Performing Arts	Prince George's	250,000	Hard
Camp Springs Boys and Girls Club	Prince George's	150,000	Soft(2,3)
College Park City Hall	Prince George's	100,000	Hard
Concorde Mansion	Prince George's	700,000	Hard
District Heights Street Lights	Prince George's	25,000	Soft(U,2)
Friends of Pullen Performing Arts Center	Prince George's	250,000	Soft(3)
Ivy Youth and Family Center	Prince George's	300,000	Soft(all)
Laurel Senior Center	Prince George's	150,000	Soft(1,2)
Marlton Gazebo	Prince George's	100,000	Soft(2)
Hospice House	Queen Anne's	150,000	Soft(1,3)
Old Carvers Hgts - S. Hampton Comm Village	St. Mary's	250,000	Soft(1,2)
Agricultural and Civic Center	Somerset	18,000	Hard
Barbara Ingram School for the Arts	Washington	400,000	Soft(U,all)
Pocomoke City Fair	Worcester	60,000	Soft(2,3)
<b>Total</b>		<b>\$15,200,000</b>	

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## House Legislative Projects

<u>Project Title</u>	<u>County</u>	<u>CBRI*</u> <u>Amount</u>	<u>New House Projects</u> <u>Amount</u>	<u>Match</u>
<b>Statewide</b>				
Lyric Opera House	State		150,000	Hard
Baltimore Museum of Industry	State		150,000	Soft (2)
<b>Local Projects</b>				
Mount Olive Community Life Center	Anne Arundel	300,000		
Salvation Army Centennial Wing	Anne Arundel	250,000		
Maryland Fire-Rescue Services Memorial Sculpture	Anne Arundel	200,000		
Carrie Weedon Science Center	Anne Arundel		25,000	Hard
Emergency Operations Center	Anne Arundel		50,000	Hard
Maryland Hall for the Creative Arts	Anne Arundel		150,000	Hard
Children's Theatre of Annapolis	Anne Arundel		100,000	Soft (2,3)
Marley Neck School Center	Anne Arundel	150,000		
Baltimore Center for Children	Baltimore City	400,000		
Baltimore Medical System	Baltimore City	200,000		
Chase Brexton Health Services, Inc.	Baltimore City	100,000		
Dr. Bob's Place	Baltimore City	200,000		
Grace and Saint Peter's School	Baltimore City	250,000		
I Can't We Can	Baltimore City	500,000		
Hearing and Speech Agency	Baltimore City	350,000		
League for People with Disabilities	Baltimore City	500,000		
Family Life Project	Baltimore City		120,000	Soft (all)
Moveable Feast	Baltimore City		175,000	Hard
Tutu's Place	Baltimore City	175,000		
Odyssey School	Baltimore	500,000		
Irvine Nature Center	Baltimore	200,000		
Children's Home	Baltimore		200,000	Hard
Landsdowne Athletic Facility	Baltimore		125,000	Hard
Old Schoolhouse Redevelopment	Caroline	100,000		
National Guard Armory	Caroline		100,000	Soft(2)
Goodwill Industries of Monocacy Valley	Carroll	100,000		
Carroll Hospice	Carroll	500,000		
Historic Tome School	Cecil		100,000	Hard
Thomas Stone H.S. Swimming Pool Complex	Charles	500,000		
PAL Center at Sagner	Frederick	50,000		
American Red Cross	Frederick	250,000		
Garrett County Exhibition Hall	Garrett	300,000		
Salem School	Garrett		75,000	
Boys and Girls Club	Harford	140,000		
Kent County Recreation and Community Complex	Kent	500,000		
Gaithersburg Youth Center	Montgomery	300,000		
Joshua Group Ministries	Montgomery	175,000		

<u>Project Title</u>	<u>County</u>	<u>CBRI* Amount</u>	<u>New House Projects Amount</u>	<u>Match</u>
Whitman-Walker Clinic	Montgomery	200,000		
Chelsea School	Montgomery	300,000		
Black Rock Center for the Arts	Montgomery	300,000		
Sandy Spring Slave Museum and African Art Gallery	Montgomery	75,000		
Easter Seals Inter-Generational Center and Regional Head Quarters	Montgomery		100,000	Soft(1)
Wheaton Multi-Service Youth Facility	Montgomery		200,000	Hard
Our House Youth Home	Montgomery	200,000		
Imagination Stage	Montgomery	300,000		
Community Serv. for Autistic Adults and Children	Montgomery	300,000		
Ebenezer Community Life Center	Prince George's	200,000		
Anacostia Watershed Society	Prince George's	100,000		
Bethel Recreation Center	Prince George's	250,000		
Cheverly Community Center	Prince George's	100,000		
Community Crisis Center	Prince George's	100,000		
Melwood Horticultural Training Center Facilities	Prince George's	200,000		
Bowie Center for the Performing Arts	Prince George's	200,000		
Sojourner Truth Collection	Prince George's	200,000		
District Heights Street Lights	Prince George's		25,000	Grant
Ivy Youth and Family Center	Prince George's		200,000	Soft (all)
Mission of Love	Prince George's		100,000	Hard
Historic Christ Church	Queen Anne's	167,500		
Patuxent River Naval Air Museum and Visitors Center	St. Mary's	225,000		
Piney Point Lighthouse Museum	St. Mary's		100,000	Soft(2)
Alice B. Tawes Nursing Home	Somerset	500,000		
Agricultural and Civic Center	Somerset	25,000		
Academy Art Museum	Talbot	300,000		
American Red Cross – Washington County	Washington	250,000		
Boys and Girls Club of Washington County Girls, Inc.	Washington	100,000		
Cumberland Valley Technology Center	Washington	200,000		
Salisbury City Park	Wicomico	150,000		
Boulevard Theatre Performing Arts Complex	Wicomico		175,000	Soft(all)
Youth and Civic Center	Wicomico	217,500	80,000	Soft(2,3)
Pocomoke River Discovery Center	Worcester	150,000		
<b>Subtotal – New Local Projects</b>			<b>\$2,500,000</b>	
<b>Total – Local Projects</b>		<b>\$12,700,000</b>	<b>\$2,500,000</b>	

\*CRBI = Community Based Regional Initiatives

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## Debt Affordability

In its September 2002 report, the Capital Debt Affordability Committee (CDAC) indicated that after two years of authorization in excess of \$700 million, future authorizations would revert to their former levels. General obligation debt authorizations for both fiscal 2003 and 2004 were increased to accommodate projects previously authorized to utilize PAYGO general funds. This would have meant a \$555 million authorization for the 2004 session. However, concerns were expressed that the level of debt proposed by CDAC in 2002 was insufficient to meet the State's needs. It was noted that spending pressures, such as prior commitments and the Administration's priorities, exceeded the resources available for the capital program. To meet these needs, the committee recommended increasing the amount of general obligation debt authorized by \$95 million and excluding \$5 million for tobacco buyout bonds annually from fiscal 2005 to 2009.

**Exhibit A-2.5** compares the levels and ratios reported for debt outstanding and debt service for both the 2002 and 2003 *Report of the Capital Debt Affordability Committee on Recommended Debt Authorizations*. In both cases, the State is well within the debt limits. As with the CDAC analysis, the debt outstanding and debt service includes general obligation bonds, transportation bonds, Stadium Authority Debt, and capital leases.

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### Exhibit A-2.5 Capital Debt Affordability Committee Comparison of 2002 and 2003 Recommendations Fiscal 2005 – 2009

Fiscal Year	2002 Debt Levels Analyzed under Current Financial Conditions					2003 Recommendation				
	New GO Auth.	Debt Outstanding	Debt/P. I.	Debt Service	Debt Serv./ Tax Rev.	New GO Auth.	Debt Outstanding	Debt/P. I.	Debt Serv.	Debt Serv./ Tax Rev.
2005	\$555	\$6,525	2.90%	\$820	6.45%	\$655	\$6,556	2.92%	\$820	6.45%
2006	570	6,716	2.84%	834	6.23%	670	6,803	2.88%	836	6.25%
2007	585	6,848	2.75%	848	6.07%	685	7,011	2.81%	854	6.11%
2008	600	6,961	2.65%	877	6.00%	700	7,213	2.74%	888	6.07%
2009	615	7,081	2.55%	920	6.02%	715	7,428	2.68%	940	6.15%

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The Governor's capital budget as introduced required \$655 million in net new general obligation debt. The budget as passed by the General Assembly includes \$655 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 Department of Housing and Community Development, Environment, Natural Resources, and Business and Economic Development.

## Debt Management

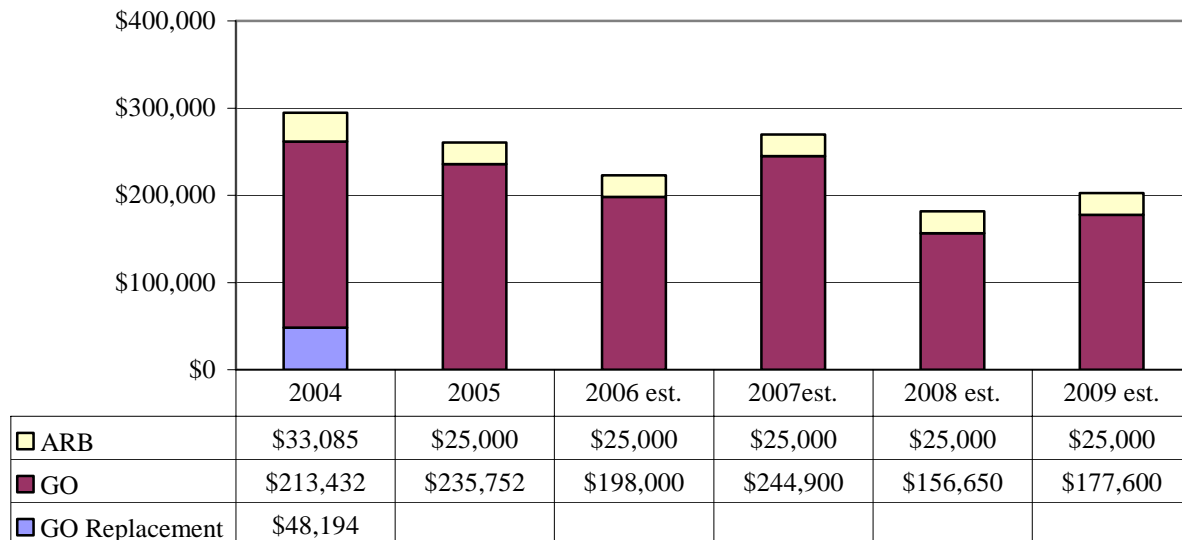
Chapter 153, Acts of 2003 specifies that the authority to spend an appropriation for a capital project terminates seven years after the effective date of the appropriation act that authorized the project unless (1) the appropriation act provides otherwise or (2) in an emergency the Board of Public Works (BPW) unanimously grants a temporary exception for one year. This termination applies to appropriations and authorizations of State debt as codified in Section 7-305 (D) (3) and Section 8-128 (C) of the State Finance and Procurement Article. *Senate Bill 713 (passed)* as amended exempts allocated State funds for local Program Open Space and any unspent funds within the Ocean Beach Replenishment Fund from the seven-year termination statutory provisions.

## Higher Education

The fiscal 2005 capital program for all segments of higher education is \$261.3 million, including general obligation bonds and academic revenue bonds. The *Capital Improvement Program* (CIP), after legislative changes to fiscal 2005, shows \$1.138 billion in capital spending for higher education projects over fiscal 2005 through 2009 period. **Exhibit A-2.6** shows the fiscal 2004 and 2005 legislative appropriation for higher education capital and the funding anticipated in the CIP for fiscal 2006 through 2008. **Exhibit A-2.7** shows the fiscal 2005 allocation of capital funding by institution.



**Exhibit A-2.6**  
**Higher Education Fiscal 2004 – 2009**  
**Authorized and Planned Out-year Capital Funding**  
**(\$ in Thousands)**



**Exhibit A-2.7**  
**Higher Education**  
**Fiscal 2005 Allocation of Capital Funding by Institution**  
**(\$ in Thousands)**

<b><u>Institution</u></b>	<b><u>Fiscal 2005 Capital Funding</u></b>
University of Maryland, Baltimore	\$23,665
University of Maryland, College Park	58,205
Bowie State University	17,550
Towson University	7,817
University of Maryland, Eastern Shore	3,063
Coppin State College	19,848
Salisbury University	3,009

<u>Institution</u>	<u>Fiscal 2005 Capital Funding</u>
University of Maryland, Baltimore County	3,000
University of Maryland Biotechnology Institute	5,000
University System of Maryland	15,000
Baltimore City Community College	14,675
St. Mary's College of Maryland	26,685
Community Colleges	46,981
Morgan State University	7,252
Independent Colleges	8,500
<b>Total</b>	<b>\$261,250</b>

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### Public School Construction

The fiscal 2005 capital budget includes \$116.6 million for public school construction. BPW allocated \$75.5 million of the \$116.6 million in January 2004. The remaining \$41.1 million will be allocated by the BPW in April or May 2004. **Exhibit A-2.8** shows the current allocations for each jurisdiction.

The new funding consists of \$114.2 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, relocatable classroom repair, upgrade and moving costs, and improvements and repairs to existing school buildings under the Aging School Program.

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

In addition to the \$1.6 million of general obligation bond funds provided for the Aging School Program, the fiscal 2005 operating budget includes an additional \$8.77 million to support this program. The operating budget also contains \$4.4 million in general funds for a lease repayment on funds borrowed to wire all schools for technology under the Technology in Maryland Schools Program.

School construction spending should increase substantially under the goals established by *Senate Bill 787 / House Bill 1230 (both passed)*. Those bills set as a goal the authorization of \$3.85 billion for school construction over the next eight years, \$2.0 billion (\$250 million per year) in State financing and the remainder from the counties. These bills are discussed in greater length in Part L of this *90 Day Report*.

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

<u>LEA</u>	<u>FY 2005 Allocation</u>
Allegany	\$125
Anne Arundel	4,237
Baltimore City	7,721
Baltimore County	5,150
Calvert	3,127
Caroline	269
Carroll	3,968
Cecil	8,246
Charles	3,423
Dorchester	991
Frederick	6,057
Garrett	598
Harford	2,437
Howard	4,300
Kent	555
Montgomery	6,310
Prince George's	6,474
Queen Anne's	338
St. Mary's	2,683
Somerset	600
Talbot	0
Washington	2,375
Wicomico	3,993
Worcester	1,500
<b>Subtotal</b>	<b>\$75,477</b>
<b>To Be Allocated – April/May 2004</b>	<b>41,149</b>
<b>Total</b>	<b>\$116,626</b>

Source: Department of Legislative Services and the *Fiscal 2005 Public School Construction Capital Improvement Program*

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## Transfer Tax

In light of the fiscal condition of the State, nearly all fiscal 2005 transfer tax revenue (\$147,374,444) will be transferred to the general fund. In addition, \$41,886,000 in transfer tax revenue generated in fiscal 2004 over the estimated collection amount will be transferred to the general fund in fiscal 2005. 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 2005 general obligation bond program includes funding for many of these programs. **Exhibit A-2.9** shows how the programs traditionally supported with transfer tax revenue are funded in fiscal 2005.

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

	<u>Transfer Tax Special</u>	<u>Other Special</u>	<u>Federal</u>	<u>GO Bonds</u>	<u>Total</u>
<b>Department of Natural Resources</b>					
Program Open Space					
State	\$1,000,000	\$0	\$1,000,000	\$0	\$2,000,000
Local	0	0	1,000,000	15,000,000	16,000,000
Critical Maintenance/Improvements	3,863,000	0	0	3,572,000	7,435,000
Rural Legacy	0	0	0	2,000,000	2,000,000
Heritage Conservation Fund	0	0	0	0	0
<b>Department 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	8,580,000	3,500,000	5,000,000	17,080,000
<b>Total</b>	<b>\$5,863,000</b>	<b>\$8,580,000</b>	<b>\$5,500,000</b>	<b>25,572,000</b>	<b>\$45,515,000</b>

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## Aid to Local Governments

### Overview of State Aid to Local Governments

State aid to local governments is one of the largest and fastest growing components of the State budget. The annual growth in State aid for fiscal 2005 totals 11.1 percent, compared to 2.5 percent in fiscal 2004 and 6.1 percent in fiscal 2003. Over the last ten years, State aid has increased at an average annual rate of 5.9 percent. State aid accounts for approximately 37 percent of the State's general fund budget and 26 percent of the State's general/special fund budget. The 11.1 percent growth in State aid in fiscal 2005 will exceed other components of the State budget. State funding increases by 8.3 percent for entitlements and 4.0 percent for State agencies.

Public schools continue to receive the largest share of State aid, accounting for 77.5 percent of total State aid. In fiscal 2005, public schools will receive \$3.6 billion in State aid, representing a \$321.3 million, or 9.7 percent increase over the prior year. Community colleges will receive \$184.0 million in aid in fiscal 2005, representing a \$9.1 million increase. Local health departments and libraries will realize a slight increase in funding. For the first time in three years, State funding for counties and municipalities will increase. State funding for counties and municipalities will total \$758.2 million in fiscal 2005, representing a \$138.2 million, or 22.3 percent increase over the prior year. The increases in fiscal 2005 more than offset prior year reductions to local government programs. **Exhibit A-3.1** shows the increase in State aid in fiscal 2005 by governmental entity.

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**Exhibit A-3.1**  
**State Aid to Local Governments in Fiscal 2004 and 2005**  
**(\$ in Millions)**

	<b>FY 2004</b>	<b>FY 2005</b>	<b>\$ Difference</b>	<b>% Difference</b>
Public Schools	\$3,313.4	\$3,634.7	\$321.3	9.7%
Libraries	49.3	50.4	1.1	2.3%
Community Colleges	174.9	184.0	9.1	5.2%
Local Health	60.4	60.9	0.4	0.7%
County/Municipal	619.9	758.2	138.2	22.3%
<b>Total</b>	<b>\$4,217.9</b>	<b>\$4,688.2</b>	<b>\$470.2</b>	<b>11.1%</b>

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## Reductions to State Aid Programs

During the 2004 legislative session, actions were taken to reduce State aid to local governments in fiscal 2005. These aid reductions are included in the numbers shown in Exhibit A-3.1. The fiscal 2005 State budget as introduced by the Governor included \$117.4 million in proposed funding reductions to State aid programs. Most of the reductions (\$95.4 million) were targeted to county and municipal governments through local highway user revenues, program open space, utility property tax grant, and senior citizen grants. However, three public school programs (nonpublic placements for special education students, student transportation, and teacher salary grants) were reduced by \$22.0 million. The Governor's proposed funding reductions were contingent upon the enactment of legislation. The Budget Reconciliation and Financing Act (BRFA) of 2003 already provided for a \$51.2 million reduction to local highway user revenues, reductions to Program Open Space, and a \$4.9 million reduction to community colleges. The combined impact of the 2004 contingent legislation and the 2003 BRFA would have resulted in a \$210.8 million reduction in State aid programs in fiscal 2005.

The General Assembly accepted several of the reductions proposed by the Governor; however, reductions to the utility property tax grant, senior citizen grants, and student transportation grants were rejected. Instead, the General Assembly decided to eliminate all funding for teacher salary grants and reduce funding for the extended elementary education program. In addition, due to the passage of the Administration bill that increases the State motor vehicle registration fee, State funding for local highway user revenues will increase by \$44.4 million in fiscal 2005. **Exhibit A-3.2** shows the aid reductions from statutorily mandated amounts reflected in the fiscal 2005 budget passed by the General Assembly. The amounts include certain reductions proposed by the Governor which were implemented through the Budget Reconciliation and Financing Act and the additional reductions made by the General Assembly. The amounts also include additional local highway user revenues provided in *House Bill 1467 (passed)*. In total, certain State aid programs were reduced by \$50.0 million in fiscal 2005. These reductions were fully offset by the overall increases in State aid programs in fiscal 2005. In addition, local governments will benefit from the proposal to distribute \$81 million in unclaimed local income tax revenues in fiscal 2005. This revenue enhancement will be in addition to the annual distribution of unclaimed local income tax revenues.

**Exhibit A-3.2**  
**Statutory State Aid Changes for Fiscal 2005**

<u>County</u>	<u>Highway User Revenues</u>	<u>HB 1467 Highway User Revenues</u>	<u>Program Open Space</u>	<u>Nonpublic Placements</u>	<u>Extended Elementary</u>	<u>Teacher Salary Challenge</u>	<u>Total Changes</u>
Allegany	-\$1,192,148	\$611,310	-\$149,711	-\$26,500	-\$43,539	-\$408,459	-\$1,209,047
Anne Arundel	-4,984,869	2,556,142	-1,622,357	-556,158	-161,908	-1,138,184	-5,907,334
Baltimore City	0	18,126,295	-1,071,692	-1,558,951	-516,847	-3,782,066	11,196,739
Baltimore	-6,845,418	3,510,194	-1,828,682	-917,364	-148,721	-1,796,203	-8,026,193
Calvert	-992,380	508,873	-163,428	-76,188	-56,726	-132,721	-912,569
Caroline	-801,537	411,012	-70,851	-7,619	-43,935	-155,390	-668,320
Carroll	-2,232,489	1,144,776	-366,909	-186,255	-21,457	-468,987	-2,131,321
Cecil	-1,239,826	635,758	-188,815	-68,900	-101,203	-568,896	-1,531,882
Charles	-1,524,265	781,613	-332,924	-80,163	-133,743	-432,022	-1,721,503
Dorchester	-895,806	459,351	-60,766	-994	-51,497	-43,127	-592,838
Frederick	-2,929,129	1,501,999	-386,074	-80,825	-101,516	-616,485	-2,612,030
Garrett	-1,017,498	521,753	-76,425	-2,650	-38,935	-86,291	-700,046
Harford	-2,536,063	1,300,443	-541,954	-208,390	-106,287	-673,682	-2,765,933
Howard	-2,487,007	1,275,288	-959,124	-207,964	-31,915	-833,477	-3,244,199
Kent	-459,598	235,673	-45,661	-795	-34,956	-41,513	-346,851
Montgomery	-7,187,966	3,685,847	-2,440,057	-689,188	-158,242	-5,918,217	-12,707,824
Prince George's	-6,133,881	3,145,333	-2,063,396	-1,539,165	-216,447	-2,278,413	-9,085,970
Queen Anne's	-898,202	460,580	-99,548	-14,575	-43,852	-104,946	-700,543
St. Mary's	-1,180,513	605,344	-183,723	-52,669	-109,161	-257,074	-1,177,796
Somerset	-536,068	274,885	-43,610	-2,981	-38,706	-112,377	-458,857
Talbot	-727,011	372,797	-104,649	-2,253	-39,331	-64,877	-565,324
Washington	-1,880,761	964,417	-287,107	-97,422	-74,829	-345,795	-1,721,497
Wicomico	-1,437,541	737,142	-191,367	-17,225	-98,787	-523,635	-1,531,413
Worcester	-1,100,087	564,103	-189,136	0	-35,269	-111,474	-871,863
<b>Total</b>	<b>-\$51,220,064</b>	<b>\$44,390,928</b>	<b>-\$13,467,966</b>	<b>-\$6,395,191</b>	<b>-\$2,407,809</b>	<b>-\$20,894,311</b>	<b>-\$49,994,413</b>

Source: Department of Legislative Services

## **Reliance on State Aid**

State aid is the largest revenue source for most county governments in Maryland, representing 27.5 percent of total county revenues. In five counties (Anne Arundel, Baltimore, Howard, Talbot, and Worcester), State aid is the second largest revenue source after property taxes; while in Montgomery County, State aid is the third largest revenue source after both property and income taxes. The dependence on State aid varies across the State, with less affluent jurisdictions relying on State aid as their primary revenue source while more affluent jurisdictions rely more heavily on local property and income taxes. For example, State aid accounts for 15 percent of total revenues in Montgomery County but over 50 percent in Caroline and Somerset counties.

State aid is the third largest revenue source for municipalities, representing 10 percent of total revenues. As with counties, the reliance on State aid varies for municipalities, ranging from 4 percent of total revenues for municipalities in Talbot County to 34 percent for municipalities in Garrett County, where State aid is the largest revenue source.

## **Changes in State Aid by Program**

The increase in State aid in fiscal 2005 ranges from 2.5 percent in Garrett County to 13.9 percent in Worcester County. The increase in 15 counties will exceed 10 percent. **Exhibit A-3.3** summarizes the distribution of direct aid by governmental entity and shows the estimated State retirement payments for local government employees. **Exhibit A-3.4** compares total State aid in fiscal 2004 and 2005 by program.



**Exhibit A-3.3**  
**State Assistance to Local Governments**  
**Fiscal 2005 Legislative Appropriation**  
(\$ in Thousands)

Part A - Budget And State Aid

County	<i>Direct State Aid</i>						Retirement	Total	Change	
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal			Over FY 2004	Percent Change
Allegany	\$13,562	\$4,627	\$51,673	\$619	\$1,480	\$71,961	\$4,975	\$76,936	\$4,798	6.7%
Anne Arundel	49,156	21,803	195,326	1,815	5,144	273,245	34,598	307,843	24,945	8.8%
Baltimore City	280,056	0	628,506	5,426	10,908	924,896	48,748	973,644	65,844	7.3%
Baltimore	58,914	32,046	347,127	4,041	7,045	449,174	53,442	502,616	60,256	13.6%
Calvert	13,191	1,173	59,787	321	599	75,072	7,935	83,007	8,327	11.2%
Caroline	6,517	1,050	28,236	219	873	36,896	2,527	39,424	2,721	7.4%
Carroll	15,193	5,198	100,858	769	2,012	124,029	12,242	136,271	14,649	12.0%
Cecil	8,273	3,576	67,228	532	1,317	80,925	7,144	88,069	10,316	13.3%
Charles	13,418	5,466	97,259	669	1,626	118,437	10,879	129,316	15,188	13.3%
Dorchester	7,286	897	21,488	194	694	30,558	2,257	32,816	2,428	8.0%
Frederick	20,879	5,745	131,194	932	2,473	161,223	16,304	177,527	19,150	12.1%
Garrett	8,348	2,588	20,142	150	707	31,936	2,334	34,270	825	2.5%
Harford	19,741	7,897	144,224	1,194	2,843	175,899	17,432	193,332	18,835	10.8%
Howard	21,425	9,312	126,181	639	1,983	159,540	25,728	185,267	17,357	10.3%
Kent	2,924	431	8,303	85	541	12,284	1,457	13,741	1,239	9.9%
Montgomery	75,975	28,744	275,330	2,218	4,921	387,188	87,279	474,467	53,361	12.7%
Prince George's	73,703	17,965	630,089	5,464	8,181	735,402	60,420	795,822	92,670	13.2%
Queen Anne's	5,676	1,123	21,177	122	676	28,775	3,252	32,027	2,538	8.6%
St. Mary's	8,335	1,662	61,371	484	1,321	73,173	6,967	80,140	8,255	11.5%
Somerset	7,022	604	16,002	228	692	24,548	1,465	26,013	1,681	6.9%
Talbot	4,619	1,167	9,122	83	530	15,520	2,190	17,710	2,077	13.3%
Washington	12,892	5,211	80,174	841	2,260	101,377	9,160	110,537	12,061	12.2%
Wicomico	11,189	3,302	66,486	608	1,547	83,131	6,768	89,899	10,301	12.9%
Worcester	6,847	1,390	14,029	119	504	22,889	3,736	26,625	3,245	13.9%
Unallocated	11,447	5,028	30,190	14,177	0	60,841	1	60,842	17,157	39.3%
<b>Total</b>	<b>\$756,590</b>	<b>\$168,001</b>	<b>\$3,231,504</b>	<b>\$41,948</b>	<b>\$60,878</b>	<b>\$4,258,922</b>	<b>\$429,241</b>	<b>\$4,688,162</b>	<b>\$470,224</b>	<b>11.1%</b>

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

**Exhibit A-3.3 (Continued)**  
**State Assistance to Local Governments**  
**Dollar Difference Between Fiscal 2005 Legislative Appropriation and Fiscal 2004 Working Appropriation**  
**(\$ in Thousands)**

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County	<i>Direct State Aid</i>						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	\$262	\$200	\$4,088	-\$14	\$20	\$4,556	\$242	\$4,798
Anne Arundel	13,440	1,162	8,660	-53	71	23,279	1,665	24,945
Baltimore City	16,314	0	47,311	-38	0	63,587	2,257	65,844
Baltimore	18,857	340	38,394	78	3	57,672	2,585	60,256
Calvert	2,900	128	4,892	22	8	7,949	378	8,327
Caroline	702	53	1,832	1	12	2,600	121	2,721
Carroll	4,606	444	8,938	44	28	14,060	589	14,649
Cecil	2,240	283	7,417	13	18	9,970	346	10,316
Charles	4,010	267	10,310	52	22	14,661	527	15,188
Dorchester	716	46	1,564	-16	10	2,319	109	2,428
Frederick	6,417	157	11,669	85	34	18,362	788	19,150
Garrett	-629	103	1,239	-11	10	712	113	825
Harford	6,291	545	11,081	41	39	17,996	839	18,835
Howard	7,088	652	8,343	12	27	16,122	1,234	17,357
Kent	720	22	418	1	7	1,169	70	1,239
Montgomery	28,543	419	19,942	56	2	48,962	4,399	53,361
Prince George's	14,972	473	74,056	228	28	89,757	2,913	92,670
Queen Anne's	1,566	57	757	-7	9	2,382	157	2,538
St. Mary's	2,493	124	5,268	16	18	7,919	337	8,255
Somerset	169	46	1,380	5	10	1,610	71	1,681
Talbot	1,132	59	772	0	7	1,971	106	2,077
Washington	3,215	324	8,064	-16	31	11,618	443	12,061
Wicomico	1,508	253	8,203	-11	21	9,974	327	10,301
Worcester	1,462	107	1,489	0	7	3,065	180	3,245
Unallocated	-711	2,033	15,604	232	0	17,157	0	17,157
<b>Total</b>	<b>\$138,283</b>	<b>\$8,297</b>	<b>\$301,688</b>	<b>\$718</b>	<b>\$442</b>	<b>\$449,428</b>	<b>\$20,796</b>	<b>\$470,224</b>

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

The 90 Day Report

**Exhibit A-3.3 (Continued)**

**Percent Change: Fiscal 2005 Legislative Appropriation over Fiscal 2004 Working Appropriation**

County	Direct State Aid						Retirement	Total
	County - Municipal	Community Colleges	Public Schools	Libraries	Health	Subtotal		
Allegany	2.0%	4.5%	8.6%	-2.3%	1.4%	6.8%	5.1%	6.7%
Anne Arundel	37.6%	5.6%	4.6%	-2.8%	1.4%	9.3%	5.1%	8.8%
Baltimore City	6.2%	n.a.	8.1%	-0.7%	0.0%	7.4%	4.9%	7.3%
Baltimore	47.1%	1.1%	12.4%	2.0%	0.0%	14.7%	5.1%	13.6%
Calvert	28.2%	12.3%	8.9%	7.2%	1.4%	11.8%	5.0%	11.2%
Caroline	12.1%	5.4%	6.9%	0.2%	1.4%	7.6%	5.0%	7.4%
Carroll	43.5%	9.3%	9.7%	6.1%	1.4%	12.8%	5.1%	12.0%
Cecil	37.1%	8.6%	12.4%	2.4%	1.4%	14.1%	5.1%	13.3%
Charles	42.6%	5.1%	11.9%	8.5%	1.4%	14.1%	5.1%	13.3%
Dorchester	10.9%	5.4%	7.9%	-7.7%	1.4%	8.2%	5.1%	8.0%
Frederick	44.4%	2.8%	9.8%	10.1%	1.4%	12.9%	5.1%	12.1%
Garrett	-7.0%	4.1%	6.6%	-7.1%	1.4%	2.3%	5.1%	2.5%
Harford	46.8%	7.4%	8.3%	3.5%	1.4%	11.4%	5.1%	10.8%
Howard	49.4%	7.5%	7.1%	1.9%	1.4%	11.2%	5.0%	10.3%
Kent	32.7%	5.4%	5.3%	1.6%	1.4%	10.5%	5.1%	9.9%
Montgomery	60.2%	1.5%	7.8%	2.6%	0.0%	14.5%	5.3%	12.7%
Prince George's	25.5%	2.7%	13.3%	4.3%	0.3%	13.9%	5.1%	13.2%
Queen Anne's	38.1%	5.4%	3.7%	-5.6%	1.4%	9.0%	5.1%	8.6%
St. Mary's	42.7%	8.0%	9.4%	3.5%	1.4%	12.1%	5.1%	11.5%
Somerset	2.5%	8.3%	9.4%	2.4%	1.4%	7.0%	5.1%	6.9%
Talbot	32.5%	5.4%	9.2%	0.0%	1.4%	14.5%	5.1%	13.3%
Washington	33.2%	6.6%	11.2%	-1.9%	1.4%	12.9%	5.1%	12.2%
Wicomico	15.6%	8.3%	14.1%	-1.8%	1.4%	13.6%	5.1%	12.9%
Worcester	27.2%	8.3%	11.9%	0.2%	1.4%	15.5%	5.1%	13.9%
Unallocated	-5.9%	67.9%	107.0%	1.7%	n.a.	39.3%	0.4%	39.3%
<b>Total</b>	<b>22.4%</b>	<b>5.2%</b>	<b>10.3%</b>	<b>1.7%</b>	<b>0.7%</b>	<b>11.8%</b>	<b>5.1%</b>	<b>11.1%</b>

Note: County/Municipal includes the municipal share of police aid, highway user revenue, and fire aid.

**Exhibit A-3.4**  
**Total State Assistance to Local Governments**

**Direct State Aid**

<b><u>Program</u></b>	<b><u>FY 2004</u></b>	<b><u>FY 2005</u></b>	<b><u>Difference</u></b>
Foundation Aid	\$2,013,431,101	\$2,114,566,822	\$101,135,721
Compensatory Education	350,797,986	488,097,363	137,299,377
Student Transportation - regular	150,267,234	156,458,125	6,190,891
Student Transportation - special education	16,741,800	19,076,400	2,334,600
Special Education - formula	116,239,080	157,646,477	41,407,397
Special Education - nonpublic placements	103,967,833	108,762,309	4,794,476
Special Education - infants & toddlers	5,199,999	5,199,999	0
Limited English Proficiency Grants	38,870,353	51,298,596	12,428,243
Extended Elementary	19,262,500	16,854,691	-2,407,809
Baltimore City Partnership	28,186,032	21,139,524	-7,046,508
Aging Schools	10,370,000	10,370,000	0
Teacher Quality Incentives	7,884,000	7,550,000	-334,000
Adult Education	2,513,622	2,513,622	0
Food Service	6,264,664	6,264,664	0
Gifted and Talented Grants	534,829	534,829	0
Out-of-County Placements	6,863,043	7,263,043	400,000
Teacher's Salary Grant	5,313,564	0	-5,313,564
Headstart	3,000,000	3,000,000	0
School Reconstitution	11,779,600	11,779,600	0
Challenge Grants	6,788,827	3,788,827	-3,000,000
Guaranteed Tax Base	0	19,131,666	19,131,666
Other Programs	25,539,741	20,207,353	-5,332,388
<b>Total Primary &amp; Secondary Education</b>	<b>\$2,929,815,808</b>	<b>\$3,231,503,910</b>	<b>\$301,688,102</b>
Library Formula	27,284,507	27,770,841	486,334
Library Network	13,944,964	14,177,084	232,120
<b>Total Libraries</b>	<b>\$41,229,471</b>	<b>\$41,947,925</b>	<b>\$718,454</b>
Community College Formula	142,701,092	146,554,896	3,853,804
Grants for ESOL Programs	2,343,100	2,500,000	156,900
Optional Retirement	8,565,414	9,243,721	678,307
Small College Grant/Allegany & Garrett Grant	3,100,002	3,100,002	0
Statewide Programs	2,994,828	6,602,775	3,607,947
<b>Total Community Colleges</b>	<b>\$159,704,436</b>	<b>\$168,001,394</b>	<b>\$8,296,958</b>

*Part A - Budget And State Aid*

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<u>Program</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Difference</u>
Highway User Revenue	366,104,083	426,646,792	60,542,709
Elderly and Handicapped Transportation Aid	4,315,788	4,315,788	0
Paratransit	2,806,000	2,806,000	0
<b>Total Transportation</b>	<b>\$373,225,871</b>	<b>\$433,768,580</b>	<b>\$60,542,709</b>
Police Aid	61,072,412	62,429,381	1,356,969
Fire And Rescue Aid	10,000,000	10,000,000	0
Vehicle Theft Prevention	1,238,844	1,238,844	0
9-1-1 Grants	5,300,000	5,300,000	0
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	100,000	100,000	0
Stop Gun Violence Grants	1,000,000	955,500	-44,500
Violent Crime Grants	5,000,000	4,514,000	-486,000
Baltimore City State's Attorney Grant	1,288,470	1,735,000	446,530
Domestic Violence Grants	200,000	200,000	0
School Vehicle Safety Grant	550,000	550,000	0
Body Armor	50,000	50,000	0
<b>Total Public Safety</b>	<b>\$92,262,226</b>	<b>\$93,535,225</b>	<b>\$1,272,999</b>
Program Open Space	20,593,888	15,000,000	-5,593,888
Critical Area Grants	802,000	801,000	-1,000
<b>Total Recreation/Environment</b>	<b>\$21,395,888</b>	<b>\$15,801,000</b>	<b>-\$5,594,888</b>
<b>Local Health Formula</b>	<b>60,435,704</b>	<b>60,877,984</b>	<b>442,280</b>
<b>Utility Property Tax Grant</b>	<b>26,201,592</b>	<b>30,615,201</b>	<b>4,413,609</b>
<b>Disparity Grant</b>	<b>105,831,420</b>	<b>93,102,399</b>	<b>-12,729,021</b>
<b>Unclaimed Local Income Tax *</b>	<b>0</b>	<b>81,000,000</b>	<b>81,000,000</b>
Horse Racing Impact Aid	1,341,400	1,341,400	0
Payments in Lieu of Taxes	1,604,472	1,604,472	0
Security Interest Filing Fees	3,163,016	3,196,000	32,984
Baltimore City Lead Paint Abatement Grant	375,000	375,000	0
Senior Citizens Activities Center	400,000	500,000	100,000
Statewide Voting Systems	2,517,051	1,751,187	-765,864
Property Tax Credits	-10,010,000	0	10,010,000
<b>Total Other Direct Aid</b>	<b>-\$609,061</b>	<b>\$8,768,059</b>	<b>\$9,377,120</b>
<b>Total Direct Aid</b>	<b>\$3,809,493,355</b>	<b>\$4,258,921,677</b>	<b>\$449,428,322</b>

<u>Program</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Difference</u>
	<b>Payments-in-behalf</b>		
Retirement - Teachers	383,567,009	403,179,150	19,612,141
Retirement - Libraries	8,018,751	8,439,070	420,319
Retirement - Community Colleges	15,234,305	16,045,736	811,431
Retirement - Local Employees	1,624,743	1,576,711	-48,032
<b>Total Payments-in-Behalf</b>	<b>\$408,444,808</b>	<b>\$429,240,667</b>	<b>\$20,795,859</b>
<b>Total State Assistance</b>	<b>\$4,217,938,163</b>	<b>\$4,688,162,344</b>	<b>\$470,224,181</b>

\* One-time accelerated disbursement of unclaimed local income tax revenues.

### Primary and Secondary Education

State funding for public schools remains a high priority for the General Assembly. While State spending has been constrained in recent years, public schools continue to receive record increases in State funding. Public schools will realize a \$321.3 million increase in State funding in fiscal 2005, which represents a 9.7 percent increase from the prior year. Direct aid to local school systems will total \$3.2 billion in fiscal 2005 representing a \$301.7 million, or 10.3 percent increase from the prior year and teachers' retirement payments will total \$403.2 million representing a \$19.6 million, or 5.1 percent increase from the prior year. The following is a brief discussion of the major State education aid programs.

**Foundation Program:** The foundation program 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. State aid under the foundation program will total \$2.1 billion in fiscal 2005, representing a \$101.1 million, or 5.0 percent increase over the prior year. The per pupil foundation amount for fiscal 2005 is set at \$5,029. This represents a \$263, or 5.5 percent increase over the fiscal 2004 per pupil foundation amount of \$4,766. Enrollment for the formula is based on the September 30, 2003, student enrollment count. Enrollment increased by 0.8 percent, from 821,984 students in 2002 to 828,961 students in 2003.

**Compensatory Aid:** The compensatory aid formula provides additional funding based on the number of 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 the prior fiscal year. State aid under the compensatory aid program will total \$488.1 million in fiscal

2005, representing a \$137.3 million, or 39.1 percent increase over the prior year. The per pupil funding amount for fiscal 2005 is set at \$1,805. This represents a \$464, or 34.6 percent increase over the fiscal 2004 per pupil amount of \$1,341. The enrollment count used for the program in fiscal 2005 totals 264,409 students.

**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 \$403.2 million in fiscal 2005, representing a 5.1 percent increase over the fiscal 2004 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. Local school systems with enrollment increases receive additional funds. The State also provides a grant of \$600 per student for transporting disabled students. The fiscal 2005 budget includes \$156.5 million for regular transportation services and \$19.1 million for special transportation services. The Governor proposed adjusting the regular student transportation grant by limiting the inflationary increase to the consumer price index (CPI) with no minimum upwards adjustment. This would have reduced State funding by \$3.0 million in fiscal 2005. However, the General Assembly did not adopt this proposed reduction.

**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 number of special education students from the prior fiscal year. State funding for public special education programs will total \$157.6 million in fiscal 2005, representing a \$41.4 million, or 35.6 percent increase over the prior year. Funding for nonpublic placements will total \$108.8 million in fiscal 2005, representing a \$4.8 million, or 4.6 percent increase over the prior year.

The Budget Reconciliation and Financing Act of 2004, *Senate Bill 508 (passed)*, contains a significant revision to the funding of nonpublic placements. The costs for those students with severe disabilities who are placed in nonpublic day facilities or residential treatment centers (RTCs) are shared between the local school systems and the State. The bill reduces the State's share of nonpublic placement special education funding by increasing the local share of funding. Under current law, for each nonpublic placement a local school system pays its respective local

share of the basic cost of education plus two times the total basic cost of education, and 20 percent of any expense above that sum. The State pays for the remaining 80 percent of the costs above the base local funding. The bill shifts more of the costs above the base local share to local school systems by increasing the current local share of 20 percent to 25 percent in fiscal 2005 only. The fiscal 2005 budget bill includes a reduction of \$6.4 million for this program to reflect this change in the State's share of costs.

**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 2005 grant per LEP student is \$1,842, a \$474, or 34.6 percent increase over the fiscal 2004 grant per LEP student. State funding for the program will total \$51.3 million in fiscal 2005, representing a \$12.4 million, or 32.0 percent increase over the prior year. The number of LEP students in Maryland total 27,832 for the 2003-2004 school year.

**Extended Elementary Education Program:** As part of the Bridge to Excellence in Public Schools Act of 2002, certain mandated State aid programs are phased out by fiscal 2008, while other programs with enhanced funding that distribute State aid to local school systems based on student enrollments and local wealth are phased in. One of the programs to be eliminated is the Extended Elementary Education Program (EEEP), which funds pre-kindergarten programs for students identified as having a high risk of failure in school. Under current law, EEEP is fully funded at approximately \$19.3 million in fiscal 2005 through 2007 but would not be funded in fiscal 2008 and subsequent years. The Budget Reconciliation and Financing Act of 2004, *Senate Bill 508 (passed)*, reduces funding for fiscal 2005 only by 12.5 percent, effectuating a contingent general fund reduction of \$2,407,713 in the budget bill. Accordingly, funding for EEEP will total \$16.9 million in fiscal 2005. Funding would rebound to \$19.3 million in fiscal 2006 and 2007.

**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 2005 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 2005.

**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 \$2.5 million



in fiscal 2005. 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 2005 State budget includes \$7.6 million for these teacher quality incentives.

**Challenge Grants:** These grants are distributed to schools where the average daily attendance is low, the dropout rate is high, and student scores on State tests are low. State funding for the program totals \$6.8 million in fiscal 2004 and \$3.8 million in fiscal 2005. The fiscal 2005 budget includes language that specifies that the grants provided in fiscal 2005 be proportional to the grants received in fiscal 2004 as the State transitions the challenge grant program to be consistent with new accountability standards and the federal No Child Left Behind requirement after fiscal 2005.

**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 \$21.1 million in fiscal 2005. This funding is phasing out as the Bridge to Excellence in Public Schools Act of 2002 formulas phase in.

**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 2005.

The Public School Facilities Act of 2004, [Senate Bill 787 \(passed\)](#) and [House Bill 1230 \(passed\)](#), implement many of the recommendations of the Task Force to Study Public School Facilities including a provision that alters the allocation of the Aging Schools Program beginning in fiscal 2006. This bill bases the program's funding on the current percentage of pre-1970 square footage and retains the current \$65,000 and \$85,000 minimum allocations. Local school systems with 0.49% or less of the statewide pre-1970 square footage receive \$65,000 and local school systems with 0.50% but less than 1.0% of the statewide pre-1970 square footage receive \$85,000. Seven local school systems would receive more funding while nine local school systems would receive less funding. A provision in the fiscal 2005 capital budget indicates that the intent of the General Assembly is that a county will receive in fiscal 2006 at least 75 percent of the funding provided in fiscal 2005. The special grant is phased out after fiscal 2008.

**Teacher Salary Challenge Program:** The Budget Reconciliation and Financing Act of 2004, [Senate Bill 508 \(passed\)](#), repeals the Governor's Teacher Salary Challenge program one year before its termination date under current law. Established by Chapters 492 and 493 of 2000, under the program, the State provided a 1.0 percent match to school systems that increased teacher salaries by at least 4.0 percent in fiscal 2001 and 2002. Other components of the program provided grants to less wealthy school systems. Chapter 420 of 2001 continued the funding through fiscal 2003. The Bridge to Excellence in Public Schools Act of 2002 mandated

that the funds be phased out by fiscal 2006 as the new Bridge to Excellence formulas significantly increased overall aid to local school systems. The bill effectuates a contingent reduction of \$20.9 million in the fiscal 2005 budget bill.

**Guaranteed Tax Base Program:** The Bridge to Excellence in Public Schools Act included an add-on grant for jurisdictions with less than 80 percent of statewide per pupil wealth that contributed more than the minimum required local share under the foundation program in the prior year. The grant equals the difference between actual and required spending per pupil, up to 20 percent of the per pupil foundation amount. The grants are phased-in, beginning at 25 percent in fiscal 2005 and ending at 100 percent in fiscal 2008. For fiscal 2005, eight jurisdictions will qualify for grants totaling \$19.1 million.

### **Local Libraries**

State aid to local libraries will total \$50.4 million in fiscal 2005, representing a \$1.1 million, or 2.3 percent increase over the prior year.

**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 2005, 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 2005, State funding for the library program will total \$27.8 million, representing a \$0.5 million, or 1.8 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 \$10.2 million in State funding in fiscal 2005, 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 \$3.9 million in fiscal 2005, which equals to \$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 \$8.4 million in fiscal 2005, representing a \$0.4 million, or 5.2 percent increase.

### **Community Colleges**

State aid to local community colleges will total \$184.0 million in fiscal 2005, representing a \$9.1 million, or 5.2 percent increase from the prior year.

**Senator John A. Cade Funding Formula:** State funding under the formula will total \$146.6 million in fiscal 2005, a \$3.9 million, or 2.7 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 \$5.0 million, representing a \$2.0 million, or 66.0 percent increase. State funding for the ESOL program will total \$2.5 million in fiscal 2005, a \$0.2 million, or 6.7 percent increase from the prior year. The Innovative Partnership for Technology program will receive \$1.6 million in funding. The Budget Reconciliation and Financing Act of 2004, *Senate Bill 508 (passed)*, defers an additional \$1.6 million for this program until fiscal 2006.

**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 \$16.0 million in fiscal 2005, a \$0.8 million, or 5.3 percent increase. In addition, State funding for the optional retirement program will total \$9.2 million in fiscal 2005, representing a \$0.7 million, or 7.9 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. State aid for local health departments will total \$60.9 million in fiscal 2005, representing a \$0.4 million or 0.7 percent increase.

### **County and Municipal Governments**

State funding for counties and municipalities will total \$758.2 million in fiscal 2005, representing a \$138.2 million or 22.3 percent increase over the prior year. Local highway user revenues and unclaimed local income tax revenues account for most of the aid increases.

**Highway User Revenues:** Local governments were originally scheduled to receive \$484.7 million in local highway user revenues in fiscal 2005. However, cost containment action taken at the 2003 session transferred \$51.2 million in local highway user revenues in fiscal 2005 to the State's general fund. Furthermore, the Budget Reconciliation and Financing Act of 2004, *Senate Bill 508 (passed)*, transfers an additional \$51.2 million to the State's general fund in fiscal 2005. Due to these two actions, local highway user revenues are reduced by \$102.4 million in fiscal 2005, from \$484.7 million to \$382.3 million. This reduction is partly offset by *House Bill 1467 (passed)* which increases the State motor vehicle registration fee. This legislation will provide local governments with an additional \$44.4 million in local highway user revenues in fiscal 2005. Based on these actions, local highway user revenues will total \$426.6 million in fiscal 2005, which is a \$60.5 million or 16.5 percent increase.

**Other Transportation Aid:** State funding for elderly/disabled transportation grants will remain at \$4.3 million in fiscal 2005 and funding for paratransit grants will remain at \$2.8 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. The 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 is based on each jurisdiction's share of total Part I crime in the State, and the remaining portion of the assessment is 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. After the crime laboratory adjustment, police aid will total \$62.4 million in fiscal 2005, representing a \$1.4 million or 2.2 percent increase from the prior year.

**Public Safety Grants:** State funding for targeted public safety grants will total \$12.8 million in fiscal 2005. 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 \$1.7 million in fiscal 2005 to assist in the prosecution of gun offenses and repeat violent offenders.

**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 this program will total \$1.2 million in fiscal 2005.

**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 2005.

**911 Emergency Systems Grant:** State funding to local 911 emergency systems will remain at \$5.3 million in fiscal 2005.

**Program Open Space Grants:** Under Program Open Space, the State provides grants to the counties and Baltimore City for land acquisition and the development of parks and recreation facilities. The State property transfer tax funds Program Open Space and related programs. The Budget Reconciliation and Financing Act of 2004, *Senate Bill 508 (passed)*, redirected \$28.5 million transfer tax revenues to the general fund in fiscal 2005. GO bond funding in the amount of \$15.0 million is provided to help offset this decrease. Accordingly, local governments will realize a \$13.5 million reduction in Program Open Space funding in fiscal 2005.

**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 fiscal 2005 budget includes \$93.1 million for disparity grants, which includes \$92.6 million in statutory grants and a \$0.5 million discretionary grant for Garrett County. The discretionary grant is to ensure that Garrett County does not realize a net decrease in State aid in fiscal 2005.

**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 totaled \$15.3 million in fiscal 2001 and \$30.6 million in fiscal 2002 and 2003. The fiscal 2004 appropriation was reduced by \$4.4 million, or 14.4 percent by the Board of Public Works on July 30, 2003. The adjusted appropriation for fiscal 2004 totaled \$26.2 million. The Governor proposed eliminating funding for the grant contingent upon the enactment of legislation. However, the General Assembly rejected this proposal, and the grants were fully funded at \$30.6 million in fiscal 2005.

**Unclaimed Local Income Tax Revenues:** The Budget Reconciliation and Financing Act of 2004, *Senate Bill 508 (passed)*, modifies the time frame for the Comptroller's Office to hold unclaimed local income tax revenue in its local income tax reserve account from three years to one year and provides for a one-time distribution of \$81.0 million each to the State and the local jurisdictions.

## 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 2005 State budget includes \$4.6 billion to fund these programs. In addition, the counties will receive a one-time accelerated distribution of \$81 million in unclaimed local income tax revenues. Part A, section 1 of each county's statistical tables compares aid distributed to the county in fiscal 2004 and 2005.

**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 \$429.2 million in fiscal 2005. 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 2005 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 \$786.2 million statewide for these programs in fiscal 2005. In addition, \$53.5 million from the Cigarette Restitution Fund will also be spent on these programs in fiscal 2005. 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 2005 budget includes \$85.6 million in general funds and \$17.2

million in special funds for these programs. In addition, the budget includes \$25.3 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 2005 funding for these family health programs totals \$19.6 million in general funds and \$22.9 million in federal 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 2005 funding for these programs totals \$26.7 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 2005 budget includes \$318.9 million in general funds and \$224.4 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 2005 total \$7.0 million. In addition, the budget includes \$36.1 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 2005 budget includes \$326.6 million in general funds and \$198.0 in federal funds for these programs.

- **AIDS:** The AIDS Administration funds counseling, testing, education and risk reduction services through the local health departments. Fiscal 2005 funds for these services total \$2.6 million in general funds. The budget for the AIDS Administration also includes \$19.0 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 2005 estimates of funding for those programs that were available by subdivision. Note that fiscal 2005 funding for homeless and women's services is allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2004 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 2005 budget includes \$4.9 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 2005 funding for these programs equals \$5.4 million in general funds. In addition, the fiscal 2005 budget includes \$8.9 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 2005 budget includes \$8.0 million in general funds and \$31.8 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 2005 budget includes \$69.4 million in general funds and \$77.5 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 2005 funding is \$11.4 million in general funds and \$22.7 million in federal funds. In this report the fiscal 2005 general funds are allocated among the subdivisions on the basis of each jurisdiction's share of fiscal 2004 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 2005 funding is \$9.1 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 2005 funding for these programs totals \$2.4 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 2005 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 includes local projects that were pre-authorized for fiscal 2005 in the capital budget adopted at the 2003 legislative session. These projects were not included in last year's report.

The fiscal 2005 budget includes \$116.6 million in new funding for local school construction: \$2.4 million in special funds, and \$114.2 million in general obligation bonds. As of the publication of this report, \$75.5 million of the total fiscal 2005 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 2005 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 report does not include transportation projects.

## Allegany County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$31,758	\$32,340	\$582	1.8
Compensatory Education	7,925	10,573	2,648	33.4
Student Transportation	3,094	3,173	79	2.5
Special Education	2,687	3,339	651	24.2
Limited English Proficiency Grants	22	38	15	69.9
Extended Elementary	348	305	(44)	(12.5)
Teacher Salary Grant	376	0	(376)	(100.0)
Aging Schools	355	355	0	0.0
School Technology/Modernization	61	12	(48)	(80.0)
Other Education Aid	959	1,539	581	60.6
Primary & Secondary Education	47,585	51,674	4,088	8.6
Libraries	633	619	(14)	(2.3)
Community Colleges	4,427	4,627	200	4.5
Health Formula Grant	1,460	1,480	20	1.4
* Transportation	4,767	5,754	987	20.7
* Police and Public Safety	879	869	(10)	(1.2)
* Fire and Rescue Aid	238	238	0	0.0
Recreation and Natural Resources	193	167	(26)	(13.6)
Disparity Grant	7,505	5,902	(1,603)	(21.4)
Property Tax Credits	(283)	0	283	(100.0)
** Unclaimed Local Income Tax	0	632	632	0.0
<b>Total Direct Aid</b>	<b>\$67,404</b>	<b>\$71,962</b>	<b>\$4,558</b>	<b>6.8</b>
Aid Per Capita (\$)	913	978	64	7.0
Property Tax Equivalent (\$)	2.59	2.68	0.09	3.6

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

**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 2005 State payments for Allegany County for teachers, librarians, community college faculty, and local officials are estimated to be \$4,975,000.

**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 2005 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 2004) 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	\$3,725,000
Family Health and Primary Care	396,000
Geriatric and Children's Services	694,000
Mental Health	5,177,000
Prevention and Disease Control	554,000
Developmental Disabilities	4,434,000
AIDS	25,000

**Social Services**

Homeless Services	98,000
Women's Services	189,000
Adult Services	128,000
Child Welfare Services	1,739,000

**Senior Citizen Services**

Long-term Care	305,000
Community Services	74,000

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

Eckhart Alternative School – renovations (roof)	\$125,000
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**Allegany Community College**

Library – renovations, phase I	207,000
Physical Education Building – renovation/expansion	1,313,000

**Federally Qualified Health Centers Grant Program**

Tri-State Community Health Center	500,000
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**Chesapeake Bay Water Quality Loan**

Celanese WWTP – nutrient removal	508,750
Cumberland Combined Sewer – overflow improvements	250,000
Cumberland Combined Sewer – SCADA evaluation	50,000
Frostburg – stormwater retrofit	79,000
Frostburg Combined Sewer – overflow elimination	250,000
Stoney Run/Westernport – septic upgrade	100,000
Westernport Combined Sewer – overflow improvements	200,000

**Water Supply Assistance Loan**

Clarysville – water project	300,000
Westernport Water Filtration Plant – upgrade	300,000

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

National Park Service – Fifteen Mile Creek boat ramp	80,000
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**Department of Public Safety & Corrections**

North Branch Correctional Inst. – housing unit/support	17,536,000
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## Anne Arundel County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$136,875	\$138,655	\$1,780	1.3
Compensatory Education	10,114	15,431	5,317	52.6
Student Transportation	14,274	14,757	483	3.4
Special Education	18,267	20,429	2,162	11.8
Limited English Proficiency Grants	1,618	2,122	505	31.2
Extended Elementary	1,295	1,133	(162)	(12.5)
Aging Schools	570	570	0	0.0
School Technology/Modernization	749	339	(409)	(54.7)
Other Education Aid	2,905	1,890	(1,015)	(35.0)
Primary & Secondary Education	186,667	195,326	8,661	4.6
Libraries	1,868	1,815	(53)	(2.8)
Community Colleges	20,640	21,803	1,162	5.6
Health Formula Grant	5,074	5,144	71	1.4
* Transportation	19,802	23,930	4,128	20.8
* Police and Public Safety	6,365	6,466	101	1.6
* Fire and Rescue Aid	813	812	(1)	(0.1)
Recreation and Natural Resources	2,259	1,807	(452)	(20.0)
Utility Property Tax Grants	6,753	7,820	1,068	15.8
Property Tax Credits	(769)	0	769	(100.0)
** Unclaimed Local Income Tax	0	7,827	7,827	0.0
* Other Direct Aid	495	495	0	0.0
<b>Total Direct Aid</b>	<b>\$249,967</b>	<b>\$273,245</b>	<b>\$23,278</b>	<b>9.3</b>
Aid Per Capita (\$)	484	523	39	8.0
Property Tax Equivalent (\$)	0.61	0.59	(0.01)	(1.8)

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Anne Arundel County for teachers, librarians, community college faculty, and local officials are estimated to be \$34,598,000.

### **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 2005 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 2004) 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	\$2,804,000
Family Health and Primary Care	671,000
Geriatric and Children's Services	1,206,000
Mental Health	18,071,000
Prevention and Disease Control	1,674,000
Developmental Disabilities	30,057,000

#### **Social Services**

Homeless Services	205,000
Women's Services	339,000
Adult Services	142,000
Child Welfare Services	4,147,000

#### **Senior Citizen Services**

Long-term Care	593,000
Community Services	138,000

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

Annapolis High School – renovations (HVAC)	\$827,000
Annapolis High School – science facilities	375,000
Chesapeake High School – science facilities	1,614,000
Marley Elementary School – construction	1,421,000

**Anne Arundel Community College**

Construct new building	2,384,000
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**Senior Citizen Activity Centers**

Bates Senior Center	600,000
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**Waterway Improvement**

Annapolis – pilings, docks and moorings	99,000
Annapolis Harbor – renovations	50,000
Anne Arundel Fire Central Division – boat/equipment	50,000
Bodkin Creek – dredging	390,000
City Fire Department – rescue equipment	50,000
Cockey Creek – dredging	103,500
Cypress Creek – dredging	515,000
Deale/Galesville/Woodland Fire Departments – equipment	50,000
Eli's Long Cove – dredging	227,000
Little Magothy – dredging	227,000
Rivera Beach/Lake Shore Fire Departments – equipment	50,000
Selby Bay – dredging	75,000
Truxton Park – ramp renovation	99,000

**Other Projects**

Carrie Weedon Science Center	25,000
Children's Theater of Annapolis	100,000
Eastport Fire Station and Paramedic Unit	250,000
Emergency Operations Center	125,000

Marley Neck School Center	200,000
Maryland Fire-Rescue Services Memorial Sculpture	200,000
Maryland Hall for the Creative Arts	150,000
Mount Olive Community Life Center	300,000
Odenton Heritage Complex	250,000
Salvation Army Centennial Wing	250,000

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

##### **General Government**

State House – renovations	4,600,000
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##### **Department of Public Safety & Corrections**

Brockbridge Correctional Facility – kitchen/dining/warehouse renovation	8,451,000
Correctional Institution for Women – support services/state use buildings	54,000

##### **Maryland Environmental Service**

Jessup Correctional Complex – water tower repair	425,000
Sandy Point State Park – water tower repair	434,000



## Baltimore City

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$326,132	\$327,774	\$1,642	0.5
Compensatory Education	128,909	171,084	42,175	32.7
Student Transportation	13,750	13,738	(12)	(0.1)
Special Education	59,767	67,721	7,954	13.3
Limited English Proficiency Grants	1,739	3,363	1,624	93.4
Extended Elementary	4,135	3,618	(517)	(12.5)
Baltimore City Partnership	28,186	21,140	(7,047)	(25.0)
Teacher Salary Grant	3,549	0	(3,549)	(100.0)
Aging Schools	1,635	1,635	0	0.0
School Technology/Modernization	2,010	909	(1,100)	(54.8)
Other Education Aid	11,384	17,524	6,140	53.9
Primary & Secondary Education	581,196	628,506	47,310	8.1
Libraries	5,464	5,426	(38)	(0.7)
Health Formula Grant	10,908	10,908	0	0.0
Transportation	170,443	188,569	18,126	10.6
Police and Public Safety	8,613	8,672	60	0.7
Fire and Rescue Aid	985	978	(7)	(0.7)
Recreation and Natural Resources	3,414	1,194	(2,220)	(65.0)
Disparity Grant	75,061	69,559	(5,501)	(7.3)
Utility Property Tax Grants	340	453	113	33.3
Property Tax Credits	(766)	0	766	(100.0)
** Unclaimed Local Income Tax	0	4,944	4,944	0.0
Other Direct Aid	5,653	5,686	33	0.6
<b>Total Direct Aid</b>	<b>\$861,311</b>	<b>\$924,895</b>	<b>\$63,584</b>	<b>7.4</b>
Aid Per Capita (\$)	1,373	1,487	115	8.3
Property Tax Equivalent (\$)	4.26	4.39	0.13	3.1

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Baltimore City for teachers, librarians, community college faculty, and local officials are estimated to be \$48,748,000.

### **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 2005 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 2004) 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	\$39,022,000
Family Health and Primary Care	4,248,000
Geriatric and Children's Services	6,996,000
Mental Health	110,281,000
Prevention and Disease Control	4,054,000
Developmental Disabilities	38,141,000
AIDS	443,000

#### **Social Services**

Homeless Services	2,101,000
Women's Services	1,318,000
Adult Services	1,657,000
Child Welfare Services	26,232,000

#### **Senior Citizen Services**

Long-term Care	1,738,000
Community Services	705,000

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

Baltimore School for the Arts #415 – construction	\$3,000,000
Collington Square Elementary/Middle School – renovations (roof)	720,000
Digital Harbor High School #416 – construction	709,000
Gwynns Falls Elementary School #60 – renovations (roof)	400,000
John E. Howard Elementary School #61 – renovations (window/doors)	251,000
Johnston Square Elementary School #16 – renovations (ATC)	498,000
Maree G. Farring Elementary School #203 – renovations (roof)	324,000
Moravia Park Pre-K-8 Campus – renovations (roof)	486,000
Mt. Royal Elementary/Middle School – renovations (roof/windows/doors)	864,000
Northwood Elementary School – renovations (windows/doors)	469,000

**Juvenile Justice Bond Program**

UMAR Boxing Program – academic learning center	88,000
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**Community Mental Health/Addictions/Dev. Disabilities**

Echo House, Inc.	1,600,000
Health Care for the Homeless	1,600,000
Humanim	509,000
Quarterway Houses, Inc.	1,250,000
The Associated Jewish Community Federation of Baltimore	177,000

**Federally Qualified Health Centers Grant Program**

Baltimore Medical System, Inc.	400,000
People's Community Health Center, Inc.	500,000

**Shelter & Transitional Facilities**

AIRS Young Adult Transitional Housing	375,000
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**Chesapeake Bay Water Quality Loan**

Patapsco WWTP – nutrient removal	3,000,000
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**Waterway Improvement**

Baltimore Marine Unit Police – equipment	5,000
Canton Waterfront – upgrade police/fire dept. piers	75,000
First Responder Units – equipment	45,000
Liberty/Prettyboy Reservoirs – boat ramps, parking, etc.	99,000

**Other Projects**

Baltimore & Ohio Railroad Museum	1,500,000
Baltimore Center for Children	400,000
Baltimore Clayworks	100,000
Baltimore Medical System	200,000
Baltimore Museum of Industry	150,000
Baltimore Zoo – facilities renewal	750,000
Baltimore Zoo – trams	450,000
Bethel A.M.E. Museum and Cyber Community Center	250,000
Carroll Mansion Museum	75,000
Catholic Charities – Our Daily Bread	2,000,000
Center for Poverty Solutions	250,000
Chase Brexton Health Services, Inc.	100,000
Dallas Street Community Educational Center	300,000
Dr. Bob's Place	200,000
East Baltimore Biotechnology Park	4,500,000
Franklin Square Hospital	209,000
Grace and St. Peter's School	250,000
Great Blacks in Wax Museum	300,000
Greater Baltimore Medical Center, Inc.	535,000
Greater Harvest Family Life Center	270,000
I Can't We Can	500,000
Joseph Meyerhoff Symphony Hall	600,000
Kennedy Krieger Institute	1,500,000

*Aid to Local Government – Baltimore City*

**A-101**

Lyndhurst Recreation Center	100,000
Lyric Opera House	150,000
Maryland School for the Blind	300,000
Maryland Science Center	2,000,000
Moveable Feast	175,000
National Aquarium in Baltimore	3,000,000
National Research and Training Institute for the Blind	1,500,000
Northwood Baseball Little League	200,000
Outward Bound Leakin Park Project	100,000
Polish Home Hall Cultural Center	150,000
Sojourner-Douglass College	2,000,000
St. Joseph Medical Center	230,000
The Hearing and Speech Agency	350,000
The League for People with Disabilities	550,000
TuT's Place	175,000
West Side Revitalization Project	4,500,000

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

**General Government**

2100 Guilford Avenue – addition/renovation	5,344,000
301 W. Preston Street – perimeter piping replacement	1,700,000

**Baltimore City Community College**

Liberty Campus – renovate main building	14,675,000
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**Department of Public Safety & Corrections**

Baltimore City Detention Center – property acquisition	2,500,000
Baltimore City Detention Center – Women's Center	3,335,000

**Morgan State University**

Banneker Hall – telecommunication infrastructure renovation	1,367,000
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Campuswide – site improvements	696,000
Campuswide – utility upgrades	489,000
Northwood Shopping Center – acquisition	5,700,000

**University System of Maryland**

Coppin State – Connor Administration Building upgrade exterior	1,829,000
Coppin State – Grace Jacobs Building addition and upgrade	3,375,000
Coppin State – new parking garage	5,600,000
Coppin State – Physical Education Complex	2,704,000
Coppin State – telecommunications upgrade	2,500,000
Coppin State – utilities/security systems improvements	9,440,000
UMD at Baltimore – Dental School Building construction	19,000,000
UMD at Baltimore – renovate Howard Hall	4,665,000

**Other**

UMD Medical System – diagnostic and treatment facility	10,000,000
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## Baltimore County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$221,238	\$241,586	\$20,348	9.2
Compensatory Education	28,276	40,936	12,660	44.8
Student Transportation	18,269	19,287	1,018	5.6
Special Education	24,838	29,390	4,552	18.3
Limited English Proficiency Grants	2,902	3,987	1,085	37.4
Extended Elementary	1,190	1,041	(149)	(12.5)
Aging Schools	2,940	2,940	0	0.0
School Technology/Modernization	1,322	352	(971)	(73.4)
Other Education Aid	7,758	7,609	(149)	(1.9)
Primary & Secondary Education	308,733	347,128	38,394	12.4
Libraries	3,963	4,041	78	2.0
Community Colleges	31,706	32,046	340	1.1
Health Formula Grant	7,043	7,045	3	0.0
Transportation	26,628	32,296	5,669	21.3
Police and Public Safety	9,519	9,562	43	0.5
Fire and Rescue Aid	1,190	1,186	(4)	(0.3)
Recreation and Natural Resources	2,555	2,037	(518)	(20.3)
Utility Property Tax Grants	1,346	1,795	449	33.3
Property Tax Credits	(1,230)	0	1,230	(100.0)
** Unclaimed Local Income Tax	0	11,988	11,988	0.0
Other Direct Aid	50	50	0	0.0
<b>Total Direct Aid</b>	<b>\$391,503</b>	<b>\$449,174</b>	<b>\$57,671</b>	<b>14.7</b>
Aid Per Capita (\$)	501	570	70	13.9
Property Tax Equivalent (\$)	0.82	0.89	0.07	8.8

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Baltimore County for teachers, librarians, community college faculty, and local officials are estimated to be \$53,442,000.

### **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 2005 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 2004) 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	\$4,836,000
Family Health and Primary Care	246,000
Geriatric and Children's Services	2,125,000
Mental Health	41,977,000
Prevention and Disease Control	2,719,000
Developmental Disabilities	45,998,000
AIDS	35,000

#### **Social Services**

Homeless Services	228,000
Women's Services	649,000
Adult Services	473,000
Child Welfare Services	5,105,000

#### **Senior Citizen Services**

Long-term Care	1,380,000
Community Services	229,000



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

**Public Schools**

Sudbrook Magnet Middle School – construction	\$650,000
Woodholme Elementary School – construction	4,500,000

**Baltimore Community College**

Catonsville – central utility plant	1,568,000
Catonsville – sprinkler system in Barn, D and E buildings	240,000
Essex – Humanities and Arts Building	1,170,000

**Local Jail Loan**

County Detention Center – expansion	10,000,000
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**Juvenile Justice Bond Program**

The Good Shepherd Center	200,000
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**Community Mental Health/Addictions/Dev. Disabilities**

Key Point Health Services	282,000
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**Senior Citizen Activity Centers**

Woodlawn Senior Center	232,000
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**Chesapeake Bay Water Quality Loan**

Tall Trees – stream restoration	60,000
Woodvalley – stream restoration	71,000

**Waterway Improvement**

Baltimore County Fire Department – equipment	10,500
Brown Cove – channel dredging	30,000
Chesterwood Park – new boat ramp and pier	75,000
Countywide – complete sub-aquatic vegetation surveys	75,000
Duck Creek and Deep Creek – dredging	20,000
Muddy Gut Creek – dredging	100,000
Pleasure Island – dredge materials placement site	75,000
Strawberry Point Marine Police Unit – equipment	45,000

**Hazardous Substance Cleanup Program**

Sauer Dump	350,000
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**Other Projects**

Children's Home	250,000
Eastern Regional Trail Network	250,000
Inverness Community Center	700,000
Irvine Nature Center	200,000
Landsdowne Athletic Facility	125,000
Maryland Food Bank	962,000
Recreation Facilities Revitalization	800,000
Sheppard Pratt Hospital	1,000,000
The Children's Home	200,000
The Odyssey School	500,000
Villa Julie College – academic building	2,250,000

**D. Capital Projects for State Facilities in the County****Department of Juvenile Justice**

Charles H. Hickey, Jr. School – educational facility renovation	108,000
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**Maryland State Police**

Forensic Science Laboratory – construction	1,784,000
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**Department of Natural Resources**

Gunpowder Falls State Park – Hammerman Beach Services Building 2,350,000

**University System of Maryland**

Baltimore County – Chemistry Building south wing renovation 3,000,000

Baltimore County – residence hall renovations 2,000,000

Towson University – College of Liberal Arts Complex 4,242,000

Towson University – Fine Arts Building addition/renovate 3,575,000

Towson University – Residence Tower window wall upgrade 400,000

Towson University – Towson Center Arena improvements 300,000

## Calvert County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$44,657	\$47,314	\$2,657	6.0
Compensatory Education	2,634	3,593	960	36.4
Student Transportation	3,616	3,832	216	6.0
Special Education	2,787	3,822	1,035	37.1
Limited English Proficiency Grants	106	203	98	92.7
Extended Elementary	454	397	(57)	(12.5)
Aging Schools	65	65	0	0.0
Other Education Aid	578	561	(17)	(2.9)
Primary & Secondary Education	54,897	59,787	4,892	8.9
Libraries	300	321	22	7.2
Community Colleges	1,044	1,173	128	12.3
Health Formula Grant	591	599	8	1.4
* Transportation	3,953	4,775	822	20.8
* Police and Public Safety	694	733	38	5.5
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	224	182	(42)	(18.7)
Utility Property Tax Grants	5,425	6,097	671	12.4
Property Tax Credits	(205)	0	205	(100.0)
** Unclaimed Local Income Tax	0	1,205	1,205	0.0
<b>Total Direct Aid</b>	<b>\$67,123</b>	<b>\$75,072</b>	<b>\$7,949</b>	<b>11.8</b>
Aid Per Capita (\$)	784	853	69	8.8
Property Tax Equivalent (\$)	0.98	1.00	0.02	2.0

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Calvert County for teachers, librarians, community college faculty, and local officials are estimated to be \$7,935,000.

### **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 2005 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 2004) 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	\$732,000
Family Health and Primary Care	168,000
Geriatric and Children's Services	336,000
Mental Health	2,433,000
Prevention and Disease Control	492,000
Developmental Disabilities	4,825,000

#### **Social Services**

Homeless Services	31,000
Women's Services	110,000
Adult Services	50,000
Child Welfare Services	646,000

#### **Senior Citizen Services**

Long-term Care	114,000
Community Services	21,000

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

Appeal Elementary School – renovations (mechanical)	\$577,000
Calvert Career Center – construction	2,000,000
Huntingtown High School – construction	550,000

**College of Southern Maryland**

La Plata – planning of new building	447,000
La Plata – Science and Technology Building	1,120,000

**Waterway Improvement**

Countywide – replace VFD inflatable boats with motors	22,500
Town of North Beach – pier decking	99,000

**Other Projects**

Boys and Girls Club of Southern Maryland	500,000
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**D. Capital Projects for State Facilities in the County****Department of Natural Resources**

Calvert Cliffs State Park – roads and parking	722,000
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## Caroline County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$17,485	\$17,963	\$478	2.7
Compensatory Education	4,167	5,202	1,035	24.8
Student Transportation	1,695	1,751	56	3.3
Special Education	983	1,389	407	41.4
Limited English Proficiency Grants	185	265	80	43.1
Extended Elementary	351	308	(44)	(12.5)
Teacher Salary Grant	197	0	(197)	(100.0)
Aging Schools	85	85	0	0.0
School Technology/Modernization	15	12	(3)	(18.9)
Other Education Aid	1,241	1,261	20	1.6
Primary & Secondary Education	26,404	28,236	1,832	6.9
Libraries	218	219	1	0.2
Community Colleges	997	1,050	53	5.4
Health Formula Grant	861	873	12	1.4
* Transportation	3,190	3,854	664	20.8
* Police and Public Safety	317	319	2	0.7
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	99	79	(20)	(20.3)
Disparity Grant	2,149	1,814	(335)	(15.6)
Property Tax Credits	(140)	0	140	(100.0)
** Unclaimed Local Income Tax	0	252	252	0.0
<b>Total Direct Aid</b>	<b>\$34,295</b>	<b>\$36,896</b>	<b>\$2,601</b>	<b>7.6</b>
Aid Per Capita (\$)	1,114	1,186	73	6.5
Property Tax Equivalent (\$)	2.36	2.39	0.03	1.2

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Caroline County for teachers, librarians, community college faculty, and local officials are estimated to be \$2,527,000.

### **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 2005 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 2004) 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	\$404,000
Family Health and Primary Care	179,000
Geriatric and Children's Services	487,000
Mental Health	3,473,000
Prevention and Disease Control	362,000
Developmental Disabilities	1,826,000

#### **Social Services**

Homeless Services	58,000
Women's Services	398,000
Adult Services	65,000
Child Welfare Services	554,000

#### **Senior Citizen Services**

Long-term Care	521,000
Community Services	92,000

*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**

Lockerman Middle School – renovations (roof)	\$269,000
Malcolm Elementary School – renovations (roof)	390,000

**Chesapeake College**

Campus Infrastructure Project	1,563,000
Caroline College Center – renovation/addition	375,000

**Federally Qualified Health Centers Grant Program**

Choptank Community Health System, Inc.	500,000
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**Chesapeake Bay Water Quality Loan**

Federalsburg WWTP – nutrient removal	380,000
Marshyhope Creek – stream restoration	100,000
Town of Denton – Second Street pump station	267,000

**Water Supply Assistance Loan**

Federalsburg – water tower replacement	275,000
Nelphine Heights/Jonestown – water distribution	404,000

**Waterway Improvement**

Choptank Marina – channel dredging	70,000
Crouse Park – hydraulic study	25,000
Denton – construct bulkhead (federal funds)	100,000
Federalsburg Boat Ramp – erosion protection	59,000

**Hazardous Substance Cleanup Program**

Skipjack Chemical Site	575,000
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**Other Projects**

National Guard Armory	100,000
Old Schoolhouse Redevelopment	100,000

## Carroll County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$75,078	\$80,872	\$5,794	7.7
Compensatory Education	3,009	4,404	1,395	46.4
Student Transportation	6,347	6,678	331	5.2
Special Education	6,088	7,613	1,525	25.1
Limited English Proficiency Grants	147	154	7	5.1
Extended Elementary	172	150	(21)	(12.5)
Aging Schools	385	385	0	0.0
School Technology/Modernization	61	12	(48)	(80.0)
Other Education Aid	633	589	(45)	(7.0)
Primary & Secondary Education	91,920	100,857	8,938	9.7
Libraries	725	769	44	6.1
Community Colleges	4,754	5,198	444	9.3
Health Formula Grant	1,984	2,012	28	1.4
* Transportation	8,696	10,545	1,849	21.3
* Police and Public Safety	1,471	1,531	60	4.1
* Fire and Rescue Aid	260	262	2	0.6
Recreation and Natural Resources	508	409	(99)	(19.6)
Property Tax Credits	(348)	0	348	(100.0)
** Unclaimed Local Income Tax	0	2,447	2,447	0.0
<b>Total Direct Aid</b>	<b>\$109,970</b>	<b>\$124,030</b>	<b>\$14,060</b>	<b>12.8</b>
Aid Per Capita (\$)	669	742	73	11.0
Property Tax Equivalent (\$)	1.01	1.04	0.04	3.7

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Carroll County for teachers, librarians, community college faculty, and local officials are estimated to be \$12,242,000.

### **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 2005 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 2004) 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	\$2,653,000
Family Health and Primary Care	185,000
Geriatric and Children's Services	513,000
Mental Health	5,607,000
Prevention and Disease Control	702,000
Developmental Disabilities	9,486,000

#### **Social Services**

Homeless Services	88,000
Women's Services	170,000
Adult Services	42,000
Child Welfare Services	1,221,000

#### **Senior Citizen Services**

Long-term Care	285,000
Community Services	56,000

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

**Public Schools**

North Carroll Middle School – construction	\$1,000,000
Parrs Ridge Elementary School – construction	2,968,000

**Juvenile Justice Bond Program**

Bowling Brook – vocational/technical training center	737,000
Carroll County Youth Services Bureau, Inc.	125,000

**Shelter & Transitional Facilities**

Carroll County Emergency Shelter	250,000
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**Other Projects**

Carroll Hospice	600,000
Goodwill Industries of Monocacy Valley	100,000

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

**Department of Public Safety & Corrections**

Public Safety Training Center – construct/renovate	940,000
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**Maryland Environmental Service**

Springfield Hospital Center – water and wastewater infrastructure improvements	930,000
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## Cecil County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$45,748	\$49,409	\$3,660	8.0
Compensatory Education	4,820	7,361	2,541	52.7
Student Transportation	3,347	3,547	200	6.0
Special Education	3,437	4,639	1,202	35.0
Limited English Proficiency Grants	140	223	83	59.0
Extended Elementary	810	708	(101)	(12.5)
Teacher Salary Grant	568	0	(568)	(100.0)
Aging Schools	355	355	0	0.0
School Technology/Modernization	45	36	(8)	(18.9)
Other Education Aid	541	949	408	75.4
Primary & Secondary Education	59,811	67,227	7,417	12.4
Libraries	519	532	13	2.4
Community Colleges	3,292	3,576	283	8.6
Health Formula Grant	1,299	1,317	18	1.4
* Transportation	4,890	5,917	1,027	21.0
* Police and Public Safety	865	882	17	1.9
* Fire and Rescue Aid	206	206	0	0.0
Recreation and Natural Resources	262	210	(52)	(19.7)
Property Tax Credits	(189)	0	189	(100.0)
** Unclaimed Local Income Tax	0	1,059	1,059	0.0
<b>Total Direct Aid</b>	<b>\$70,955</b>	<b>\$80,926</b>	<b>\$9,971</b>	<b>14.1</b>
Aid Per Capita (\$)	752	840	88	11.7
Property Tax Equivalent (\$)	1.26	1.33	0.07	5.2

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Cecil County for teachers, librarians, community college faculty, and local officials are estimated to be \$7,144,000.

### **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 2005 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 2004) 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	\$1,082,000
Family Health and Primary Care	181,000
Geriatric and Children's Services	472,000
Mental Health	5,979,000
Prevention and Disease Control	534,000
Developmental Disabilities	5,411,000
AIDS	10,000

#### **Social Services**

Homeless Services	39,000
Women's Services	43,000
Adult Services	95,000
Child Welfare Services	1,549,000

#### **Senior Citizen Services**

Long-term Care	121,000
Community Services	39,000

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

Cecil Manor Elementary School – construction	\$315,000
Elkton High School – construction	7,300,000
Gilpin Manor Elementary School – construction	158,000
North East Elementary School – construction	158,000
Thomson Estates Elementary School – construction	315,000

**Cecil Community College**

Elkton Center	918,000
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**Juvenile Justice Bond Program**

Youth Services Agency/Cecil Co. Partnership – Comm. Adventure Learning Center	344,000
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**Water Supply Assistance Loan**

Cecilton – water system upgrade	173,000
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**Waterway Improvement**

Beck's Landing – additional transient boat slips	40,000
Chesapeake City – construct transient boat pier (federal funds)	100,000
Port Deposit Marina Park – construct comfort station/jetty	99,000
River Bend Park/River Point Landing – boat ramp/bulkhead	99,000
Town of Charlestown Fire Boat Pier – dredging	49,000
Town of Charlestown Stone Wharf – dredging	49,000
Town of Perryville – transient pier	99,000

**Hazardous Substance Cleanup Program**

Dwyer Site	575,000
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**Other Projects**

Historic Tome School	100,000
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## Charles County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$66,828	\$73,748	\$6,920	10.4
Compensatory Education	6,909	9,161	2,252	32.6
Student Transportation	6,363	6,770	408	6.4
Special Education	4,095	4,997	902	22.0
Limited English Proficiency Grants	237	389	151	63.7
Extended Elementary	1,070	936	(134)	(12.5)
Aging Schools	65	65	0	0.0
School Technology/Modernization	49	12	(37)	(75.3)
Other Education Aid	1,334	1,181	(153)	(11.4)
Primary & Secondary Education	86,950	97,259	10,309	11.9
Libraries	617	669	52	8.5
Community Colleges	5,199	5,466	267	5.1
Health Formula Grant	1,603	1,626	22	1.4
* Transportation	6,029	7,292	1,262	20.9
* Police and Public Safety	1,089	1,156	68	6.2
* Fire and Rescue Aid	224	227	3	1.4
Recreation and Natural Resources	460	371	(89)	(19.4)
Utility Property Tax Grants	1,892	2,523	631	33.3
Property Tax Credits	(286)	0	286	(100.0)
** Unclaimed Local Income Tax	0	1,850	1,850	0.0
<b>Total Direct Aid</b>	<b>\$103,777</b>	<b>\$118,439</b>	<b>\$14,662</b>	<b>14.1</b>
Aid Per Capita (\$)	768	856	89	11.6
Property Tax Equivalent (\$)	1.12	1.17	0.06	5.0

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Charles County for teachers, librarians, community college faculty, and local officials are estimated to be \$10,879,000.

### **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 2005 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 2004) 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	\$1,764,000
Family Health and Primary Care	172,000
Geriatric and Children's Services	438,000
Mental Health	4,546,000
Prevention and Disease Control	588,000
Developmental Disabilities	7,693,000
AIDS	141,000

#### **Social Services**

Homeless Services	76,000
Women's Services	135,000
Adult Services	102,000
Child Welfare Services	1,595,000

#### **Senior Citizen Services**

Long-term Care	180,000
Community Services	21,000

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

**Public Schools**

Indian Head Elementary School – relocatable classrooms	\$33,000
North Point High School – construction	3,000,000

**College of Southern Maryland**

La Plata – planning of new building	447,000
La Plata – Science and Technology Building	1,120,000

**Local Jail Loan**

County Detention Center – addition/renovation	336,000
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**Chesapeake Bay Water Quality Loan**

Indian Head WWTP – nutrient removal	328,000
Mattawoman WWTP – nutrient removal	3,000,000

**Waterway Improvement**

Cobb Island – pier, boat lift, and equipment	50,000
Mallows Bay – public launch ramp	99,000
Matingly Park/Slavin's Landing – new double-wide ramp	99,000
Tenth District Volunteer Fire Department – equipment	10,000

**Other Projects**

African American Heritage Society	300,000
Thomas Stone High School Swimming Pool Complex	500,000
Veterans Memorial	50,000

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

Smallwood State Park – dredging	95,000
Smallwood State Park – engineering funds	90,000
Smallwood State Park – pier and bulkhead repairs	35,000
Smallwood State Park – replace floating pier	50,000

## Dorchester County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$13,211	\$13,804	\$593	4.5
Compensatory Education	3,103	3,917	814	26.2
Student Transportation	1,548	1,615	67	4.3
Special Education	740	913	173	23.4
Limited English Proficiency Grants	111	184	72	65.0
Extended Elementary	412	360	(51)	(12.5)
Aging Schools	65	65	0	0.0
Other Education Aid	733	630	(103)	(14.1)
Primary & Secondary Education	19,923	21,488	1,565	7.9
Libraries	210	194	(16)	(7.7)
Community Colleges	851	897	46	5.4
Health Formula Grant	684	694	10	1.4
* Transportation	3,554	4,296	742	20.9
* Police and Public Safety	357	352	(5)	(1.5)
* Fire and Rescue Aid	243	243	0	0.0
Recreation and Natural Resources	85	68	(17)	(20.4)
Disparity Grant	2,344	1,891	(454)	(19.4)
Utility Property Tax Grants	141	187	47	33.3
Property Tax Credits	(154)	0	154	(100.0)
** Unclaimed Local Income Tax	0	250	250	0.0
<b>Total Direct Aid</b>	<b>\$28,238</b>	<b>\$30,560</b>	<b>\$2,322</b>	<b>8.2</b>
Aid Per Capita (\$)	926	1,002	76	8.2
Property Tax Equivalent (\$)	1.55	1.59	0.04	2.4

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Dorchester County for teachers, librarians, community college faculty, and local officials are estimated to be \$2,257,000.

### **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 2005 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 2004) 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	\$1,523,000
Family Health and Primary Care	228,000
Geriatric and Children's Services	441,000
Mental Health	4,563,000
Prevention and Disease Control	430,000
Developmental Disabilities	1,826,000
AIDS	228,000

#### **Social Services**

Homeless Services	38,000
Women's Services	398,000
Adult Services	85,000
Child Welfare Services	735,000

#### **Senior Citizen Services**

Long-term Care	589,000
Community Services	222,000

*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**

Hurlock Elementary School – renovations (mechanical)	\$405,000
Judy Center – renovations (structural)	182,000
North Dorchester High School – renovations (sanitary)	218,000
North Dorchester Middle School – renovations (sanitary)	186,000

**Chesapeake College**

Campus Infrastructure Project	1,563,000
Caroline College Center – renovation/addition	375,000

**Chesapeake Bay Water Quality Loan**

Cambridge Combined Sewer – overflow improvements	300,000
Hurlock WWTP – nutrient removal	200,000
Wrights Creek – stream restoration	110,000

**Waterway Improvement**

Bestpitch Ferry – dock/road/parking/ramp improvements	140,000
Cambridge – reconstruct boat ramp (federal funds)	300,000
Chapel Cove – channel dredging	80,000
City of Cambridge – acquire new fire/rescue boat	50,000
City of Cambridge – upgrade/expand municipal boat basin	250,000
Elliot's Island – improve jetty	75,000
Kirwans – bulkhead/parking lot/ramp upgrade	40,000
Shorter Wharf and Liner Road – parking lot/ramp repairs	60,000
Tedious Creek – replace bulkhead	80,000
Town of Secretary – parking lot expansion and boat ramp	99,000

**Other Projects**

Dorchester County Historical Society	250,000
YMCA	10,000

## Frederick County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$98,508	\$105,526	\$7,018	7.1
Compensatory Education	5,828	8,225	2,398	41.1
Student Transportation	7,355	7,768	413	5.6
Special Education	5,098	7,056	1,958	38.4
Limited English Proficiency Grants	821	1,059	238	29.0
Extended Elementary	812	711	(102)	(12.5)
Aging Schools	85	85	0	0.0
School Technology/Modernization	209	12	(197)	(94.2)
Other Education Aid	810	752	(58)	(7.1)
Primary & Secondary Education	119,526	131,194	11,668	9.8
Libraries	847	932	85	10.1
Community Colleges	5,588	5,745	157	2.8
Health Formula Grant	2,439	2,473	34	1.4
* Transportation	11,975	14,401	2,426	20.3
* Police and Public Safety	2,021	2,124	104	5.1
* Fire and Rescue Aid	352	354	2	0.7
Recreation and Natural Resources	525	430	(95)	(18.1)
Property Tax Credits	(410)	0	410	(100.0)
** Unclaimed Local Income Tax	0	3,570	3,570	0.0
<b>Total Direct Aid</b>	<b>\$142,863</b>	<b>\$161,223</b>	<b>\$18,360</b>	<b>12.9</b>
Aid Per Capita (\$)	651	718	66	10.2
Property Tax Equivalent (\$)	0.96	0.99	0.04	3.7

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.



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 2005 State payments for Frederick County for teachers, librarians, community college faculty, and local officials are estimated to be \$16,304,000.

**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 2005 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 2004) 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	\$1,900,000
Family Health and Primary Care	211,000
Geriatric and Children's Services	498,000
Mental Health	9,733,000
Prevention and Disease Control	808,000
Developmental Disabilities	12,486,000
AIDS	43,000

**Social Services**

Homeless Services	210,000
Women's Services	68,000
Adult Services	132,000
Child Welfare Services	1,726,000

**Senior Citizen Services**

Long-term Care	231,000
Community Services	68,000

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

Crestwood Middle School – construction	\$1,500,000
Middletown Elementary School – renovations (roof)	244,000
Tuscarora Elementary School – construction	1,000,000
Tuscarora High School – construction	2,500,000
Urbana High School – construction	813,000

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

Way Station, Inc.	135,000
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**Chesapeake Bay Water Quality Loan**

Brunswick WWTP – nutrient removal	982,950
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**Waterway Improvement**

Lander – expand parking and upgrade access road	75,000
Point of Rocks – new boat ramp and parking lot	99,000
Potomac River – boat ramp and paving maintenance	99,000

**Other Projects**

American Red Cross	600,000
Police Activity League Center at Sagner	50,000

**D. Capital Projects for State Facilities in the County****Maryland Environmental Service**

Western Maryland State Parks – water and wastewater infrastructure improvements	475,000
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**Other**

School for the Deaf – elementary and student support services building	681,000
School for the Deaf – family education and early intervention building	402,000

## Garrett County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$12,764	\$12,925	\$161	1.3
Compensatory Education	2,465	3,301	836	33.9
Student Transportation	1,982	2,037	55	2.8
Special Education	805	1,034	229	28.4
Extended Elementary	311	273	(39)	(12.5)
Aging Schools	85	85	0	0.0
Other Education Aid	490	487	(3)	(0.5)
Primary & Secondary Education	18,902	20,142	1,239	6.6
Libraries	162	150	(11)	(7.1)
Community Colleges	2,485	2,588	103	4.1
Health Formula Grant	698	707	10	1.4
* Transportation	4,016	4,858	843	21.0
* Police and Public Safety	241	241	0	(0.2)
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	105	85	(20)	(18.9)
Disparity Grant	4,589	2,717	(1,872)	(40.8)
Utility Property Tax Grants	9	12	3	33.3
Property Tax Credits	(183)	0	183	(100.0)
** Unclaimed Local Income Tax	0	236	236	0.0
<b>Total Direct Aid</b>	<b>\$31,224</b>	<b>\$31,936</b>	<b>\$712</b>	<b>2.3</b>
Aid Per Capita (\$)	1,044	1,072	27	2.6
Property Tax Equivalent (\$)	1.35	1.29	(0.06)	(4.4)

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Garrett County for teachers, librarians, community college faculty, and local officials are estimated to be \$2,334,000.

### **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 2005 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 2004) 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	\$855,000
Family Health and Primary Care	238,000
Geriatric and Children's Services	517,000
Mental Health	3,898,000
Prevention and Disease Control	385,000
Developmental Disabilities	1,793,000

#### **Social Services**

Homeless Services	78,000
Women's Services	215,000
Adult Services	25,000
Child Welfare Services	730,000

#### **Senior Citizen Services**

Long-term Care	132,000
Community Services	59,000

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

Northern High School – renovations (structural)	\$598,000
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**Garrett Community College**

Learning Resource Center	2,842,000
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**Chesapeake Bay Water Quality Loan**

Accident – wastewater system improvements	350,000
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Grantsville – stormwater management	100,000
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Keysers Ridge – sewer	150,000
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Maple Grove – stream restoration	29,000
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**Water Supply Assistance Loan**

Deer Park – water system	250,000
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**Waterway Improvement**

Friendsville – install comfort station	5,000
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**Other Projects**

Garrett County Exhibition Hall	300,000
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Salem School	500,000
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**D. Capital Projects for State Facilities in the County****Maryland Environmental Service**

Deep Creek State Park – water and wastewater infrastructure improvements	555,000
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## Harford County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$105,582	\$111,673	\$6,091	5.8
Compensatory Education	8,668	10,812	2,143	24.7
Student Transportation	7,943	8,279	336	4.2
Special Education	8,652	11,214	2,562	29.6
Limited English Proficiency Grants	383	581	198	51.8
Extended Elementary	850	744	(106)	(12.5)
Aging Schools	400	400	0	0.0
School Technology/Modernization	195	121	(74)	(37.8)
Other Education Aid	470	401	(69)	(14.8)
Primary & Secondary Education	133,143	144,225	11,081	8.3
Libraries	1,154	1,194	41	3.5
Community Colleges	7,352	7,897	545	7.4
Health Formula Grant	2,804	2,843	39	1.4
* Transportation	9,954	12,054	2,100	21.1
* Police and Public Safety	2,107	2,159	52	2.5
* Fire and Rescue Aid	364	366	2	0.5
Recreation and Natural Resources	752	604	(148)	(19.7)
Utility Property Tax Grants	646	861	215	33.3
Property Tax Credits	(372)	0	372	(100.0)
** Unclaimed Local Income Tax	0	3,698	3,698	0.0
<b>Total Direct Aid</b>	<b>\$157,904</b>	<b>\$175,901</b>	<b>\$17,997</b>	<b>11.4</b>
Aid Per Capita (\$)	677	745	68	10.1
Property Tax Equivalent (\$)	1.09	1.14	0.04	3.8

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Harford County for teachers, librarians, community college faculty, and local officials are estimated to be \$17,432,000.

### **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 2005 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 2004) 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	\$1,659,000
Family Health and Primary Care	497,000
Geriatric and Children's Services	737,000
Mental Health	8,088,000
Prevention and Disease Control	921,000
Developmental Disabilities	13,594,000
AIDS	44,000

#### **Social Services**

Homeless Services	101,000
Women's Services	201,000
Adult Services	102,000
Child Welfare Services	1,968,000

#### **Senior Citizen Services**

Long-term Care	327,000
Community Services	62,000



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

Deerfield Elementary School – relocatable classrooms	\$33,000
Edgewood Middle School – renovations (roof)	595,000
North Harford Elementary School – relocatable classrooms	16,000
North Harford Middle School – renovations (plumbing)	293,000
North Harford High School – construction	1,500,000

**Harford Community College**

Bel Air Hall – addition and renovations	244,000
Havre de Grace Hall – renovation	931,000
Joppa Hall – addition and renovations	480,000

**Senior Citizen Activity Centers**

Havre de Grace Senior Center	554,000
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**Chesapeake Bay Water Quality Loan**

Oaklyn Manor Road – sewer	130,000
Woodbridge – stream restoration	30,000

**Waterway Improvement**

Havre de Grace Yacht Basin – replace piers/slips	300,000
Otter Point Creek – design boat launch facility	60,000
Otter Point Creek/Bush River – design dredge material site	75,000
Swan Harbor Farm – construct new pier	250,000
Tydings Island – shoreline protection for dredge site	200,000

**Other Projects**

Boys and Girls Club	140,000
Sexual Assault/Spousal Abuse Resource Center	150,000

## Howard County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$93,011	\$97,615	\$4,604	5.0
Compensatory Education	4,005	5,937	1,932	48.3
Student Transportation	9,591	10,181	591	6.2
Special Education	7,204	8,593	1,389	19.3
Limited English Proficiency Grants	2,118	2,355	236	11.2
Extended Elementary	255	223	(32)	(12.5)
Aging Schools	65	65	0	0.0
School Technology/Modernization	497	218	(279)	(56.1)
Other Education Aid	1,092	993	(99)	(9.1)
Primary & Secondary Education	117,838	126,180	8,342	7.1
Libraries	627	639	12	1.9
Community Colleges	8,659	9,312	652	7.5
Health Formula Grant	1,956	1,983	27	1.4
Transportation	10,026	12,085	2,060	20.5
Police and Public Safety	2,872	2,934	62	2.2
Fire and Rescue Aid	376	377	1	0.4
Recreation and Natural Resources	1,333	1,068	(265)	(19.9)
Property Tax Credits	(375)	0	375	(100.0)
** Unclaimed Local Income Tax	0	4,855	4,855	0.0
Other Direct Aid	105	105	0	0.0
<b>Total Direct Aid</b>	<b>\$143,417</b>	<b>\$159,538</b>	<b>\$16,121</b>	<b>11.2</b>
Aid Per Capita (\$)	526	572	46	8.7
Property Tax Equivalent (\$)	0.59	0.60	0.01	1.3

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

**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 2005 State payments for Howard County for teachers, librarians, community college faculty, and local officials are estimated to be \$25,728,000.

**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 2005 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 2004) 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	\$1,475,000
Family Health and Primary Care	133,000
Geriatric and Children's Services	440,000
Mental Health	6,130,000
Prevention and Disease Control	749,000
Developmental Disabilities	15,550,000
AIDS	44,000

**Social Services**

Homeless Services	113,000
Women's Services	243,000
Adult Services	54,000
Child Welfare Services	1,724,000

**Senior Citizen Services**

Long-term Care	253,000
Community Services	23,000

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

Bellows Spring Elementary School – construction	\$210,000
Elkridge Elementary School – construction	130,000
Forest Ridge Elementary School – construction	170,000
Hollifield Station Elementary School – construction	210,000
Jeffers Hill Elementary School – construction	65,000
New Northern High School – construction	3,320,000
St. John's Lane Elementary School – construction	130,000
Thunder Hill Elementary School – construction	65,000

**Howard Community College**

Administration Building/Smith Theatre – renovation	380,000
Arts and Humanities Instructional Building and Parking Lot	1,648,000
Athletic Fields and Nature Trail	400,000
Student Services Building	67,000

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

Main Street Housing	318,000
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**Senior Citizen Activity Centers**

Glenwood Senior Center	600,000
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**Partnership Rental Housing Program**

Tiber Hudson	1,408,000
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**Waterway Improvement**

Centennial Lake – construct boardwalk	35,000
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**Other Projects**

Blandair Mansion	500,000
Johns Hopkins University – library storage facility	2,000,000

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

**Department of Health & Mental Hygiene**

Perkins Hospital – new maximum security wing	9,625,000
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**Department of Natural Resources**

Union Dam – dam rehabilitation	500,000
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**Department of Public Safety & Corrections**

Patuxent Institution – electrical service upgrade	385,000
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**Other**

School for the Deaf – main building elevator	50,000
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## Kent County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$4,594	\$4,595	\$1	0.0
Compensatory Education	889	1,243	353	39.8
Student Transportation	1,046	1,078	33	3.1
Special Education	409	455	46	11.3
Limited English Proficiency Grants	71	98	27	38.4
Extended Elementary	280	245	(35)	(12.5)
Teacher Salary Grant	3	0	(3)	(100.0)
Aging Schools	65	65	0	0.0
Other Education Aid	529	524	(5)	(0.9)
Primary & Secondary Education	7,886	8,303	417	5.3
Libraries	84	85	1	1.6
Community Colleges	409	431	22	5.4
Health Formula Grant	534	541	7	1.4
* Transportation	1,881	2,262	381	20.2
* Police and Public Safety	196	197	1	0.4
* Fire and Rescue Aid	207	207	0	0.0
Recreation and Natural Resources	63	51	(12)	(19.3)
Property Tax Credits	(143)	0	143	(100.0)
** Unclaimed Local Income Tax	0	208	208	0.0
<b>Total Direct Aid</b>	<b>\$11,117</b>	<b>\$12,285</b>	<b>\$1,168</b>	<b>10.5</b>
Aid Per Capita (\$)	564	620	56	10.0
Property Tax Equivalent (\$)	0.71	0.74	0.02	3.4

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Kent County for teachers, librarians, community college faculty, and local officials are estimated to be \$1,457,000.

### **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 2005 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 2004) 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	\$1,669,000
Family Health and Primary Care	125,000
Geriatric and Children's Services	358,000
Mental Health	1,527,000
Prevention and Disease Control	340,000
Developmental Disabilities	1,174,000

#### **Social Services**

Homeless Services	2,000
Women's Services	398,000
Adult Services	34,000
Child Welfare Services	331,000

#### **Senior Citizen Services**

Long-term Care	521,000
Community Services	92,000

*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**

Kent County High School – renovations (HVAC)	\$555,000
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**Chesapeake College**

Campus Infrastructure Project	1,563,000
Caroline College Center – renovation/addition	375,000

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

Kent Center, Inc.	1,600,000
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**Chesapeake Bay Water Quality Loan**

Chestertown WWTP – nutrient removal	500,000
Kennedyville WWTP – collection system upgrades	250,000
Millington WWTP	250,000
Town of Betterton – bluff control	13,000

**Water Supply Assistance Loan**

West Millington – water system	50,000
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**Waterway Improvement**

Bayside Public Landing – replace bulkhead/finger piers	100,000
Cannon Street – replace bulkhead	50,000
Turner's Creek – replace breakwater	100,000
Wilmer Park – bulkheading	50,000

**Other Projects**

Kent County Recreation and Community Complex	500,000
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## Montgomery County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$164,336	\$161,375	(\$2,962)	(1.8)
Compensatory Education	20,174	35,497	15,323	76.0
Student Transportation	24,196	26,169	1,972	8.2
Special Education	22,740	27,520	4,779	21.0
Limited English Proficiency Grants	16,168	18,609	2,441	15.1
Extended Elementary	1,266	1,108	(158)	(12.5)
Aging Schools	1,170	1,170	0	0.0
School Technology/Modernization	1,298	618	(679)	(52.4)
Other Education Aid	4,040	3,265	(774)	(19.2)
Primary & Secondary Education	255,388	275,331	19,942	7.8
Libraries	2,162	2,218	56	2.6
Community Colleges	28,325	28,744	419	1.5
Health Formula Grant	4,920	4,921	2	0.0
* Transportation	27,886	33,838	5,953	21.3
* Police and Public Safety	14,133	14,511	379	2.7
* Fire and Rescue Aid	1,296	1,297	1	0.1
Recreation and Natural Resources	3,358	2,718	(640)	(19.1)
Utility Property Tax Grants	2,074	2,766	691	33.3
Property Tax Credits	(1,314)	0	1,314	(100.0)
** Unclaimed Local Income Tax	0	20,846	20,846	0.0
<b>Total Direct Aid</b>	<b>\$338,228</b>	<b>\$387,190</b>	<b>\$48,962</b>	<b>14.5</b>
Aid Per Capita (\$)	361	406	46	12.7
Property Tax Equivalent (\$)	0.36	0.36	0.01	1.8

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Montgomery County for teachers, librarians, community college faculty, and local officials are estimated to be \$87,279,000.

### **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 2005 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 2004) 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	\$3,657,000
Family Health and Primary Care	401,000
Geriatric and Children's Services	2,511,000
Mental Health	24,312,000
Prevention and Disease Control	2,272,000
Developmental Disabilities	54,376,000
AIDS	199,000

#### **Social Services**

Homeless Services	369,000
Women's Services	177,000
Adult Services	417,000
Child Welfare Services	4,222,000

#### **Senior Citizen Services**

Long-term Care	943,000
Community Services	190,000

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

Clopper Mill Elementary School – renovations (roof)	\$205,000
Colonel Z. Magruder High School – relocatable classrooms	50,000
Gaithersburg Elementary School – construction	642,000
Kensington/Parkwood Elementary School – construction	1,100,000
Lake Seneca Elementary School – renovations (roof)	239,000
Oak View Elementary School – construction	1,000,000
Quince Orchard Middle School #2 – construction	2,000,000
S. Christa McAuliffe Elementary School – renovations (roof)	174,000
Somerset Elementary School – construction	900,000

**Montgomery College**

Rockville and Germantown – replace three roofs	217,000
Takoma Park – Central Plant	1,362,000
Takoma Park – Student Services/Cultural Arts Center	8,100,000

**Local Jail Loan**

Montgomery County Detention Center	3,048,000
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**Juvenile Justice Bond Program**

National Center for Children and Families	1,843,000
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**Community Mental Health/Addictions/Dev. Disabilities**

Community Services for Autistic Adults and Children, Inc.	750,000
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**Shelter & Transitional Facilities**

Econolodge Special Needs Housing	220,000
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**Chesapeake Bay Water Quality Loan**

Blue Plains WWTP – nutrient removal	2,000,000
Booze Creek – stream restoration	100,000
Dunlop – stormwater management	106,000

**Other Projects**

Black Rock Center for the Arts	300,000
Boys and Girls Club Gymnasium	500,000
Chelsea School	300,000
Columbia Union College	2,250,000
Community Services for Autistic Adults and Children	300,000
East County Center for Science and Technology Incubator	1,000,000
Easter Seals Inter-Generational Center and Regional Headquarters	200,000
Gaithersburg Youth Center	300,000
Goodwill Industries International – Member Services Center	100,000
Holy Cross Hospital	1,522,000
Imagination Stage	400,000
Joshua Group Ministries	175,000
Kensington Recreation Center	100,000
Lone Oak	250,000
Melvin J. Berman Hebrew Academy Auditorium	150,000
National Capital Trolley Museum	75,000
National Center for Children and Family – Volunteer and Training Center	250,000
Olney Skate Park	350,000
Our House Youth Home	225,000
Rockville Town Center – redevelopment	1,500,000
Sandy Spring Slave Museum and African Art Gallery	75,000
South Valley Park	50,000
Strathmore Hall Performing Arts Center	2,000,000
Takoma Park Community Learning Center	300,000
Wheaton Multi-Service Youth Facility	500,000
Whitman-Walker Clinic	200,000

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

**General Government**

New District Court – Rockville	2,378,000
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**University System of Maryland**

Biotechnology Institute – Center for Advanced Research	5,000,000
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## Prince George's County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$380,370	\$412,137	\$31,767	8.4
Compensatory Education	82,126	113,291	31,165	37.9
Student Transportation	24,820	26,326	1,506	6.1
Special Education	44,078	49,865	5,787	13.1
Limited English Proficiency Grants	10,789	15,868	5,079	47.1
Extended Elementary	1,732	1,515	(216)	(12.5)
Aging Schools	970	970	0	0.0
School Technology/Modernization	1,727	1,152	(576)	(33.3)
Other Education Aid	9,421	8,965	(456)	(4.8)
<b>Primary &amp; Secondary Education</b>	<b>556,033</b>	<b>630,089</b>	<b>74,056</b>	<b>13.3</b>
Libraries	5,236	5,464	228	4.3
Community Colleges	17,492	17,965	473	2.7
Health Formula Grant	8,153	8,181	28	0.3
* Transportation	24,226	29,306	5,080	21.0
* Police and Public Safety	17,391	17,674	283	1.6
* Fire and Rescue Aid	1,105	1,104	(2)	(0.2)
Recreation and Natural Resources	2,887	2,298	(589)	(20.4)
Disparity Grant	6,793	5,510	(1,283)	(18.9)
Utility Property Tax Grants	7,309	7,745	436	6.0
Property Tax Credits	(1,162)	0	1,162	(100.0)
** Unclaimed Local Income Tax	0	9,886	9,886	0.0
* Other Direct Aid	181	181	0	0.0
<b>Total Direct Aid</b>	<b>\$645,644</b>	<b>\$735,403</b>	<b>\$89,759</b>	<b>13.9</b>
Aid Per Capita (\$)	756	850	94	12.5
Property Tax Equivalent (\$)	1.41	1.50	0.09	6.2

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Prince George's County for teachers, librarians, community college faculty, and local officials are estimated to be \$60,420,000.

### **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 2005 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 2004) 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	\$9,008,000
Family Health and Primary Care	1,117,000
Geriatric and Children's Services	3,134,000
Mental Health	34,217,000
Prevention and Disease Control	2,044,000
Developmental Disabilities	49,747,000
AIDS	311,000

#### **Social Services**

Homeless Services	553,000
Women's Services	504,000
Adult Services	326,000
Child Welfare Services	6,030,000

#### **Senior Citizen Services**

Long-term Care	727,000
Community Services	177,000

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

Bladensburg High School – construction	\$2,500,000
Homer Avenue Elementary School – construction	1,000,000
James Madison Middle School – renovations (boiler)	874,000
Panorama Elementary School – construction	500,000
Port Towns Elementary School – construction	1,100,000
Regional High School – construction	500,000

**Prince George's Community College**

Accokeek Hall – renovation	2,195,000
Bladen Hall – renovate student services wing	333,000
Campuswide – energy management system upgrade	2,102,000
High Technology Center	11,500,000
Sprinkler System and Water Main – replacement	245,000

**Local Jail Loan**

County Correctional Center – expansion	1,214,000
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**Community Mental Health/Addictions/Dev. Disabilities**

Melwood Horticultural Training Center	1,200,000
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**Chesapeake Bay Water Quality Loan**

Beaverdam Creek – stormwater management	202,000
Blue Plains WWTP – nutrient removal	2,000,000

**Waterway Improvement**

Baden Fire Department – dive team rescue equipment	10,000
Ft. Washington Marina – design replacement pier	50,000
Prince George's Fire Department – equipment for underwater recovery	20,000



**Other Projects**

African American Cultural Heritage Center at North Brentwood	250,000
Anacostia Watershed Society	100,000
Bethel Recreation Center	250,000
Bowie Center for the Performing Arts	450,000
Camp Springs Boys and Girls Club	150,000
Cheverly Community Center	100,000
City of District Heights – street lights	50,000
College Park City Hall	100,000
Community Crisis Center	100,000
Concorde Mansion	700,000
Ebenezer Community Life Center	200,000
Friends of Pullen Performing Arts Center	250,000
Ivy Youth and Family Center	500,000
Laurel Regional Hospital	675,000
Laurel Senior Center	150,000
Marlton Gazebo	100,000
Melwood Horticultural Training Center Facilities	200,000
Mission of Love	100,000
Prince George's Hospital Center	4,325,000
Sojourner Truth Collection	200,000

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

**University System of Maryland**

Bowie State – Center for Business and Graduate Studies	17,550,000
Bowie State – Holmes and Tubman Halls addition/renovate	1,200,000
College Park – Biological Sciences Research Building	55,805,000
College Park – Engineering and Applied Sciences Building	2,400,000
University College – new parking garage	4,500,000

## Queen Anne's County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$15,360	\$15,496	\$136	0.9
Compensatory Education	1,104	1,376	272	24.6
Student Transportation	2,090	2,170	81	3.9
Special Education	947	1,252	305	32.2
Limited English Proficiency Grants	68	88	20	28.9
Extended Elementary	351	307	(44)	(12.5)
Aging Schools	85	85	0	0.0
School Technology/Modernization	11	0	(11)	(100.0)
Other Education Aid	405	403	(2)	(0.6)
Primary & Secondary Education	20,421	21,177	757	3.7
Libraries	129	122	(7)	(5.6)
Community Colleges	1,066	1,123	57	5.4
Health Formula Grant	667	676	9	1.4
* Transportation	3,561	4,305	744	20.9
* Police and Public Safety	373	389	16	4.3
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	135	111	(24)	(17.9)
Property Tax Credits	(159)	0	159	(100.0)
** Unclaimed Local Income Tax	0	671	671	0.0
<b>Total Direct Aid</b>	<b>\$26,393</b>	<b>\$28,774</b>	<b>\$2,381</b>	<b>9.0</b>
Aid Per Capita (\$)	593	635	42	7.1
Property Tax Equivalent (\$)	0.66	0.64	(0.02)	(3.0)

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Queen Anne's County for teachers, librarians, community college faculty, and local officials are estimated to be \$3,252,000.

### **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 2005 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 2004) 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	\$577,000
Family Health and Primary Care	191,000
Geriatric and Children's Services	476,000
Mental Health	1,745,000
Prevention and Disease Control	421,000
Developmental Disabilities	2,543,000

#### **Social Services**

Homeless Services	14,000
Women's Services	398,000
Adult Services	26,000
Child Welfare Services	599,000

#### **Senior Citizen Services**

Long-term Care	111,000
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**

Centreville Middle School – renovations (HVAC)	\$338,000
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**Chesapeake College**

Campus Infrastructure Project	1,563,000
Caroline College Center – renovation/addition	375,000

**Partnership Rental Housing Program**

Foxtown Apartments	1,275,000
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**Chesapeake Bay Water Quality Loan**

Centreville WWTP – nutrient removal	200,000
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**Waterway Improvement**

Corsica River – channel dredging	175,000
Dominion – repair bulkhead/install eight new slips	95,000
Matapeake – re-surface parking lot	10,000
Queenstown – fire/rescue boat and equipment	25,000

**Other Projects**

Historic Christ Church	167,500
Hospice House	150,000

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

Centreville District Court – expansion	230,000
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## St. Mary's County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$42,592	\$45,474	\$2,881	6.8
Compensatory Education	4,428	5,855	1,428	32.2
Student Transportation	4,028	4,229	201	5.0
Special Education	3,244	4,124	880	27.1
Limited English Proficiency Grants	257	285	28	11.0
Extended Elementary	873	764	(109)	(12.5)
Aging Schools	85	85	0	0.0
School Technology/Modernization	38	12	(26)	(67.9)
Other Education Aid	558	544	(15)	(2.6)
Primary & Secondary Education	56,103	61,372	5,268	9.4
Libraries	467	484	16	3.5
Community Colleges	1,538	1,662	124	8.0
Health Formula Grant	1,303	1,321	18	1.4
* Transportation	4,856	5,834	978	20.1
* Police and Public Safety	769	794	25	3.2
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	254	205	(49)	(19.4)
Property Tax Credits	(236)	0	236	(100.0)
** Unclaimed Local Income Tax	0	1,303	1,303	0.0
<b>Total Direct Aid</b>	<b>\$65,254</b>	<b>\$73,175</b>	<b>\$7,921</b>	<b>12.1</b>
Aid Per Capita (\$)	703	777	74	10.5
Property Tax Equivalent (\$)	1.12	1.19	0.07	6.4

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for St. Mary's County for teachers, librarians, community college faculty, and local officials are estimated to be \$6,967,000.

### **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 2005 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 2004) 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	\$866,000
Family Health and Primary Care	118,000
Geriatric and Children's Services	448,000
Mental Health	2,623,000
Prevention and Disease Control	465,000
Developmental Disabilities	5,379,000

#### **Social Services**

Homeless Services	67,000
Women's Services	209,000
Adult Services	81,000
Child Welfare Services	1,111,000

#### **Senior Citizen Services**

Long-term Care	116,000
Community Services	54,000

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

Dynard Elementary School – construction	\$183,000
George W. Carver Elementary School – construction	2,500,000

**College of Southern Maryland**

La Plata – planning of new building	447,000
La Plata – Science and Technology Building	1,120,000

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

Rock Creek Foundation	113,000
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**Waterway Improvement**

Fox Harbor Landing – renovate transient pier	80,000
Leonardtwn Wharf – replace bulkhead/const. new dock	150,000
Piney Point – revetment	65,000
St. Jerome Creek – dredge materials placement site	150,000
Wicomico Shores – stabilize shoreline/breakwater	99,000

**Other Projects**

Old Carvers Heights – South Hampton Community Village	250,000
Patuxent River Naval Air Museum and Visitors Center	225,000
Piney Point Lighthouse Museum	100,000

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

Greenwell State Park – pier ADA access	62,000
Point Lookout State Park – design parking and lighting	75,000

**Historic St. Mary's City Commission**

St. John's Archaeological Site	5,700,000
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**Maryland Environmental Service**

St. Mary's College – water and wastewater system upgrades	438,000
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**St. Mary's College**

Academic Building – construction	18,576,000
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Student Services Building – construction	8,109,000
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## Somerset County

## A. Direct Aid and Retirement Payments

## 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$9,182	\$9,496	\$314	3.4
Compensatory Education	3,008	3,671	663	22.1
Student Transportation	1,218	1,254	36	2.9
Special Education	557	727	170	30.5
Limited English Proficiency Grants	83	119	36	43.5
Extended Elementary	310	271	(39)	(12.5)
Teacher Salary Grant	107	0	(107)	(100.0)
Aging Schools	65	65	0	0.0
Other Education Aid	93	399	306	330.7
Primary & Secondary Education	14,623	16,002	1,379	9.4
Libraries	223	228	5	2.4
Community Colleges	558	604	46	8.3
Health Formula Grant	682	692	10	1.4
* Transportation	2,172	2,615	444	20.4
* Police and Public Safety	231	240	8	3.6
* Fire and Rescue Aid	200	200	0	0.0
Recreation and Natural Resources	61	49	(12)	(20.4)
Disparity Grant	4,348	3,753	(595)	(13.7)
Property Tax Credits	(158)	0	158	(100.0)
** Unclaimed Local Income Tax	0	166	166	0.0
<b>Total Direct Aid</b>	<b>\$22,940</b>	<b>\$24,549</b>	<b>\$1,609</b>	<b>7.0</b>
Aid Per Capita (\$)	886	941	55	6.2
Property Tax Equivalent (\$)	2.87	2.91	0.04	1.3

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Somerset County for teachers, librarians, community college faculty, and local officials are estimated to be \$1,465,000.

### **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 2005 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 2004) 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	\$2,303,000
Family Health and Primary Care	98,000
Geriatric and Children's Services	381,000
Mental Health	4,483,000
Prevention and Disease Control	377,000
Developmental Disabilities	1,532,000
AIDS	11,000

#### **Social Services**

Homeless Services	7,000
Women's Services	359,000
Adult Services	34,000
Child Welfare Services	681,000

#### **Senior Citizen Services**

Long-term Care	589,000
Community Services	222,000

*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**

Intermediate School at Tawes – construction	\$400,000
Woodson Elementary School – construction	200,000

**Federally Qualified Health Centers Grant Program**

Three Lower Counties Community Service, Inc.	500,000
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**Chesapeake Bay Water Quality Loan**

Crisfield WWTP – nutrient removal	100,000
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**Waterway Improvement**

Champ/St. Peter's Creek – design boat ramp	10,000
Dames Quarters – replace boat ramp/bulkhead	160,000
Dames Quarters – replace county dock	99,000
Deal Island – construct boat slips	99,000
Deal Island – replace boat ramp	99,000
Pocomoke – dredge materials placement site phragmites control	5,000
Somers Cove Marina - 25 additional boat slips	60,000
Somers Cove Marina - reconfigure Pier G	175,000
Somers Cove Marina - replace pier D & E decking	65,000
Tylerton – replace boat ramp	99,000

**Other Projects**

Agricultural and Civic Center	43,000
Alice B. Tawes Nursing Home	500,000

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

**Department of Natural Resources**

Janes Island State Park – install pilings and piers 150,000

**University System of Maryland**

Eastern Shore – social science/education/health building 3,063,000

## Talbot County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$5,025	\$5,093	\$67	1.3
Compensatory Education	878	1,461	583	66.4
Student Transportation	1,034	1,064	31	3.0
Special Education	378	516	138	36.5
Limited English Proficiency Grants	166	178	12	7.2
Extended Elementary	315	275	(39)	(12.5)
Aging Schools	155	155	0	0.0
School Technology/Modernization	11	0	(11)	(100.0)
Other Education Aid	388	380	(8)	(2.0)
Primary & Secondary Education	8,350	9,122	773	9.3
Libraries	83	83	0	0.0
Community Colleges	1,107	1,167	59	5.4
Health Formula Grant	523	530	7	1.4
* Transportation	2,905	3,507	602	20.7
* Police and Public Safety	392	392	0	0.0
* Fire and Rescue Aid	238	238	0	0.0
Recreation and Natural Resources	142	117	(25)	(17.9)
Property Tax Credits	(191)	0	191	(100.0)
** Unclaimed Local Income Tax	0	365	365	0.0
<b>Total Direct Aid</b>	<b>\$13,549</b>	<b>\$15,521</b>	<b>\$1,972</b>	<b>14.6</b>
Aid Per Capita (\$)	389	442	53	13.6
Property Tax Equivalent (\$)	0.30	0.30	0.00	1.1

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Talbot County for teachers, librarians, community college faculty, and local officials are estimated to be \$2,190,000.

### **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 2005 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 2004) 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	\$650,000
Family Health and Primary Care	285,000
Geriatric and Children's Services	295,000
Mental Health	1,667,000
Prevention and Disease Control	363,000
Developmental Disabilities	2,054,000
AIDS	25,000

#### **Social Services**

Homeless Services	35,000
Women's Services	398,000
Adult Services	34,000
Child Welfare Services	678,000

#### **Senior Citizen Services**

Long-term Care	521,000
Community Services	92,000

*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**

Campus Infrastructure Project	\$1,563,000
Caroline College Center – renovation/addition	375,000

**Chesapeake Bay Water Quality Loan**

Easton WWTP – nutrient removal	2,500,000
St. Michaels WWTP – nutrient removal	2,035,300
Tilghman Island Beach – failing septic systems	150,000

**Waterway Improvement**

Claiborne – replace bulkhead	100,000
Hollis Park – design bulkhead	25,000
Kingston – improve piers and parking lot	50,000
Knapp's Narrows and Dogwood Harbor – storage material site	200,000
New Bridge – repair parking lot	20,000
Oxford Ferry Landing – design transient boat dock	15,000
St. Michaels – fire/rescue boat	50,000

**Other Projects**

Academy Art Museum	300,000
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**D. Capital Projects for State Facilities in the County**

**Maryland State Police**

Easton Barrack/Garage/Communication Building – construction	307,000
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## Washington County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$53,533	\$57,367	\$3,833	7.2
Compensatory Education	7,665	10,945	3,280	42.8
Student Transportation	4,125	4,352	226	5.5
Special Education	4,343	5,369	1,026	23.6
Limited English Proficiency Grants	218	321	103	47.0
Extended Elementary	599	524	(75)	(12.5)
Aging Schools	200	200	0	0.0
School Technology/Modernization	290	133	(156)	(54.0)
Other Education Aid	1,137	965	(173)	(15.2)
Primary & Secondary Education	72,110	80,176	8,064	11.2
Libraries	857	841	(16)	(1.9)
Community Colleges	4,886	5,211	324	6.6
Health Formula Grant	2,228	2,260	31	1.4
* Transportation	7,572	9,130	1,557	20.6
* Police and Public Safety	1,356	1,367	11	0.8
* Fire and Rescue Aid	224	226	2	0.8
Recreation and Natural Resources	400	320	(80)	(20.1)
Disparity Grant	214	0	(214)	(100.0)
Utility Property Tax Grants	268	357	89	33.3
Property Tax Credits	(357)	0	357	(100.0)
** Unclaimed Local Income Tax	0	1,493	1,493	0.0
<b>Total Direct Aid</b>	<b>\$89,758</b>	<b>\$101,381</b>	<b>\$11,623</b>	<b>12.9</b>
Aid Per Capita (\$)	660	740	80	12.2
Property Tax Equivalent (\$)	1.17	1.26	0.09	7.7

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.



**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 2005 State payments for Washington County for teachers, librarians, community college faculty, and local officials are estimated to be \$9,160,000.

**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 2005 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 2004) 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	\$2,948,000
Family Health and Primary Care	170,000
Geriatric and Children's Services	720,000
Mental Health	9,047,000
Prevention and Disease Control	732,000
Developmental Disabilities	8,019,000
AIDS	202,000

**Social Services**

Homeless Services	228,000
Women's Services	95,000
Adult Services	195,000
Child Welfare Services	2,449,000

**Senior Citizen Services**

Long-term Care	352,000
Community Services	91,000

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

Northern Middle School – renovations (roof)	\$275,000
Salem Avenue Elementary School – construction	2,100,000

**Partnership Rental Housing Program**

Hagerstown III & IV	3,317,000
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**Chesapeake Bay Water Quality Loan**

Funkstown – wastewater lagoons 2 and 3	400,000
Halfway Interceptor – force main improvements	100,000
Kemps Mill – sewage collection system	240,000
Rolling Hills – sewage collection and conveyance	100,000
Winebrenner WWTP	200,000

**Water Supply Assistance Loan**

Boonsboro – water extension	368,000
Mt. Aetna – water treatment reservoir	200,000
Pen Mar – water system	180,000

**Waterway Improvement**

Williamsport – acquire dive rescue equipment	14,725
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**Other Projects**

American Red Cross	250,000
Barbara Ingram School for the Arts	400,000
Boys and Girls Club of Washington County	100,000
Cumberland Valley Technology Center	200,000
Girls, Inc.	200,000

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

**Department of Public Safety & Corrections**

Correctional Training Center – 192-cell medium security unit 1,060,000

**Maryland Environmental Service**

Western Maryland State Parks – water and wastewater infrastructure improvements 475,000

## Wicomico County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$41,873	\$44,584	\$2,711	6.5
Compensatory Education	8,198	12,194	3,997	48.8
Student Transportation	3,319	3,459	140	4.2
Special Education	2,112	3,011	899	42.6
Limited English Proficiency Grants	405	619	214	53.0
Extended Elementary	790	692	(99)	(12.5)
Teacher Salary Grant	502	0	(502)	(100.0)
Aging Schools	355	355	0	0.0
School Technology/Modernization	79	36	(43)	(54.0)
Other Education Aid	650	1,535	885	136.3
Primary & Secondary Education	58,283	66,485	8,202	14.1
Libraries	619	608	(11)	(1.8)
Community Colleges	3,049	3,302	253	8.3
Health Formula Grant	1,526	1,547	21	1.4
* Transportation	5,703	6,894	1,190	20.9
* Police and Public Safety	922	921	(1)	(0.1)
* Fire and Rescue Aid	233	233	0	0.0
Recreation and Natural Resources	267	213	(54)	(20.2)
Disparity Grant	2,829	1,957	(872)	(30.8)
Property Tax Credits	(273)	0	273	(100.0)
** Unclaimed Local Income Tax	0	970	970	0.0
<b>Total Direct Aid</b>	<b>\$73,158</b>	<b>\$83,130</b>	<b>\$9,972</b>	<b>13.6</b>
Aid Per Capita (\$)	829	932	103	12.4
Property Tax Equivalent (\$)	1.69	1.79	0.10	6.2

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Wicomico County for teachers, librarians, community college faculty, and local officials are estimated to be \$6,768,000.

### **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 2005 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 2004) 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	\$1,680,000
Family Health and Primary Care	310,000
Geriatric and Children's Services	833,000
Mental Health	6,998,000
Prevention and Disease Control	593,000
Developmental Disabilities	5,151,000
AIDS	51,000

#### **Social Services**

Homeless Services	31,000
Women's Services	359,000
Adult Services	43,000
Child Welfare Services	1,037,000

#### **Senior Citizen Services**

Long-term Care	589,000
Community Services	222,000

*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**

North Salisbury Elementary School – construction	\$3,000,000
Westside Primary School – renovations (electrical)	280,000
Willards Elementary School – construction	713,000

**Wor–Wic Tech Community College**

Child Development Center	580,000
Remove lagoon and construct parking lot	561,000
Student Center – addition	322,000
Workforce Development Center	567,000

**Chesapeake Bay Water Quality Loan**

Delmar WWTP – nutrient removal	528,000
Salisbury WWTP – nutrient removal	2,000,000

**Waterway Improvement**

Cedar Hill – channel dredging	770,000
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**Other Projects**

Boulevard Theater Performing Arts Complex	175,000
Salisbury City Park	150,000
Youth and Civic Center	297,500

**D. Capital Projects for State Facilities in the County****University System of Maryland**

Salisbury University – teacher education and technology complex	3,009,000
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## Worcester County

### A. Direct Aid and Retirement Payments

#### 1. Direct Aid

	<u>FY 2004</u>	<u>FY 2005</u>	<u>\$ Diff.</u>	<u>% Diff.</u>
	(\$ in Thousands)			
Foundation Aid	\$7,692	\$7,749	\$57	0.7
Compensatory Education	1,517	2,626	1,108	73.0
Student Transportation	1,954	2,018	64	3.2
Special Education	429	659	230	53.5
Limited English Proficiency Grants	114	192	78	68.0
Extended Elementary	282	247	(35)	(12.5)
Aging Schools	65	65	0	0.0
School Technology/Modernization	15	12	(3)	(18.9)
Other Education Aid	471	462	(9)	(1.9)
Primary & Secondary Education	12,539	14,030	1,490	11.9
Libraries	119	119	0	0.2
Community Colleges	1,283	1,390	107	8.3
Health Formula Grant	498	504	7	1.4
* Transportation	4,542	5,453	911	20.1
* Police and Public Safety	650	655	5	0.7
* Fire and Rescue Aid	247	247	0	0.0
Recreation and Natural Resources	253	211	(42)	(16.7)
Property Tax Credits	(308)	0	308	(100.0)
** Unclaimed Local Income Tax	0	281	281	0.0
<b>Total Direct Aid</b>	<b>\$19,823</b>	<b>\$22,890</b>	<b>\$3,067</b>	<b>15.5</b>
Aid Per Capita (\$)	392	446	54	13.9
Property Tax Equivalent (\$)	0.24	0.23	(0.01)	(2.9)

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

\*\* One-time accelerated disbursement of unclaimed local income tax revenue.

## 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 2005 State payments for Worcester County for teachers, librarians, community college faculty, and local officials are estimated to be \$3,736,000.

### **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 2005 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 2004) 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	\$1,860,000
Family Health and Primary Care	210,000
Geriatric and Children's Services	475,000
Mental Health	2,279,000
Prevention and Disease Control	447,000
Developmental Disabilities	2,901,000
AIDS	23,000

#### **Social Services**

Homeless Services	31,000
Women's Services	384,000
Adult Services	37,000
Child Welfare Services	767,000

#### **Senior Citizen Services**

Long-term Care	589,000
Community Services	222,000

*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**

Ocean City Elementary School – construction \$1,500,000

**Wor–Wic Tech Community College**

Child Development Center 580,000  
Remove lagoon and construct parking lot 561,000  
Student Center – addition 322,000  
Workforce Development Center 567,000

**Local Jail Loan**

County Detention Center – renovation 660,000

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

Worcester County Health Department 310,000

**Waterway Improvement**

Public Landing – bulkhead and boat slips 99,000  
Public Landing – shoreline stabilization 99,000  
Shell Mill – shoreline stabilization 25,000  
West Ocean City – repair concrete boat ramp 25,000

**Other Projects**

Pocomoke City Fair 60,000  
Pocomoke River Discovery Center 150,000

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

Ocean City – beach replenishment	2,000,000
Pocomoke River State Park – dredging	100,000
Pocomoke River State Park – repair parking/storm drains	100,000
Pocomoke River State Park – Shad Landing septic upgrade	363,000