



Summary Reports of Committees To the Legislative Policy Committee

2018 Interim Report

Annapolis, Maryland
January 2019

This document was prepared by the Department of Legislative Services
General Assembly of Maryland

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MARYLAND GENERAL ASSEMBLY
LEGISLATIVE POLICY COMMITTEE

January 3, 2019

Members of the Legislative Policy Committee
Members of the Maryland General Assembly

Ladies and Gentlemen:

Pursuant to Section 2-409(b) of the State Government Article, attached for your review and information is a compilation of the 2018 interim activities and recommendations of the standing, joint statutory, and special joint committees of the General Assembly.

For further information and copies of this summary report or individual committee reports, please contact Ryane Necessary or Dana Tagalicod, staff for the Legislative Policy Committee, at (410) 946-5350 or (301) 970-5350.

We wish to thank the committee chairs and the staff from the Department of Legislative Services that were assigned to assist them for their time, effort, and contributions during the 2018 interim.

Sincerely,

Thomas V. Mike Miller, Jr.
Co-Chair

Michael E. Busch
Co-Chair

TVMM:MEB/RMN/kms

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Standing Committees

Senate Budget and Taxation Committee

**Maryland General Assembly
Senate Budget and Taxation Committee
2018 Interim
Membership Roster**

**Edward J. Kasemeyer, Chairman
Richard S. Madaleno, Jr., Vice Chairman**

Senators

Ulysses Currie
James E. DeGrange, Sr.
Adelaide C. Eckardt
George C. Edwards
Bill Ferguson
Guy Guzzone
Nancy J. King
Roger Manno
Nathaniel J. McFadden
Douglas J. J. Peters
Andrew A. Serafini

Committee Staff

Philip S. Anthony
Matthew J. Bennet
Erika S. Schissler

EDWARD J. KASEMEYER
CHAIR

RICHARD S. MADALENO, JR.
VICE CHAIR



THE SENATE OF MARYLAND
BUDGET AND TAXATION COMMITTEE

ULYSSES CURRIE
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ADELAIDE C. ECKARDT
GEORGE C. EDWARDS
BILL FERGUSON
GUY GUZZONE
NANCY J. KING
NATHANIEL J. MCFADDEN
ROGER MANNO
DOUGLAS J. J. PETERS
ANDREW A. SERAFINI

December 12, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-Chair
The Honorable Michael E. Busch, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Budget and Taxation Committee is pleased to present the report of its interim activities. The committee members were very active in numerous commissions, committees, and studies. On November 15, the committee joined the Spending Affordability Committee, the House Appropriations Committee, and the House Ways and Means Committee for a fiscal briefing by the Department of Legislative Services (DLS). During the briefing, DLS staff provided the committee with an overview of the State's fiscal situation. Specifically, the committee was briefed on the economic outlook and revenue estimates for Maryland, as well as a fiscal 2020 baseline estimate of spending.

The Education, Business, and Administration subcommittee, Health and Human Services subcommittee, and the Public Safety, Transportation, and Environment subcommittee did not meet during the 2018 interim.

I would like to thank the committee members for their continued dedication, representatives of the public and private organizations who kept us informed and expressed their views, as well as our committee counsel and staff for their support.

Respectfully submitted,

A handwritten signature in cursive script, reading "Edward J. Kasemeyer".

Edward J. Kasemeyer
Chair

EJK/PSA/ncs

cc: Ms. Victoria L. Gruber
Mr. J. Ryan Bishop
Mr. Jake Weissmann
Ms. Alexandra Hughes

**Senate, Education, Health,
and Environmental Affairs Committee**

**Maryland General Assembly
Education, Health, and Environmental Affairs Committee**

**2018 Interim
Membership Roster**

**Senator Joan Carter Conway, Chair
Senator Paul G. Pinsky, Vice Chair**

Senators

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Cheryl C. Kagan
Shirley Nathan-Pulliam
Barbara A. Robinson
Johnny Ray Salling
Bryan W. Simonaire
Steve Waugh
Ronald N. Young
Craig J. Zucker

Committee Staff

Sara C. Fidler
Stacy M. Goodman
April M. Morton

JOAN CARTER CONWAY
CHAIR

PAUL G. PINSKY
VICE CHAIR



GAIL BATES
CHERYL C. KAGAN
SHIRLEY NATHAN-PULLIAM
BARBARA ROBINSON
JOHNNY RAY SALLING
BRYAN W. SIMONAIRE
STEVE WAUGH
RONALD N. YOUNG
CRAIG J. ZUCKER

THE SENATE OF MARYLAND
EDUCATION, HEALTH, AND ENVIRONMENTAL AFFAIRS COMMITTEE

November 27, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
The Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Education, Health, and Environmental Affairs Committee respectfully submits the following summary of its 2018 interim activities.

Education

Chapters 701 and 702 of 2016 established the Commission on Innovation and Excellence in Education (commission) to, among other charges, (1) review and make recommendations on expenditures of local education agencies and (2) review and make recommendations on innovative education delivery mechanisms and other strategies to prepare Maryland students for the 21st Century workforce and global economy. Out of respect for the work of the commission, during the 2018 legislative session, the committee chose not to pass bills that addressed topics that the commission intended to, but had not yet fully, considered. Regarding teacher preparation, this included bills relating to Montessori (Senate Bill 1041), reading (Senate Bill 638), and career and technology education (CTE) (House Bill 823) instruction. House Bill 197 *Education – State Reimbursement for County Board Payments for Exams for Eligible Students* would have required local school systems to pay, and be reimbursed by the State Board of Education, for fees relating to CTE industry certification for students who are eligible for free or reduced-price meals.

On June 20, 2018, the committee requested that the commission consider during its deliberations initiatives and strategies that would be responsive to these issues, specifically teacher preparation and increasing access to CTE industry certification. The committee also expressed its belief that issues of race equity were of crucial and paramount importance to a thriving and successful system of public education, and that the committee was hopeful that relevant stakeholders and experts would be consulted by the commission in this regard.

Election Law

On June 23, 2018, the State Board of Elections (SBE) issued a statement notifying the public that the Motor Vehicle Administration (MVA) failed to transmit the voter registration information of 58,180 individuals to SBE before the primary election on June 26. Any individual

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
The Members of the Legislative Policy Committee
November 27, 2018
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who, between April 22, 2017, and June 5, 2018, attempted to change his or her voter registration information, including initial voter registration, address, or political party affiliation, through the MVA's eStore or a kiosk at an MVA branch, and who failed to complete an MVA-related transaction, had the information recorded but not transmitted. SBE sent emails to affected voters providing notice of the error and information on how to determine whether the individual was affected, and instructions to use a provisional ballot at the polling place. MVA determined that a change in computer language in the MVA systems on April 22, 2017, prevented voter registration information from being sent to SBE unless the individual also completed an MVA-related transaction, such as purchasing a driver's license, ID card, vehicle registration, title, or other item during the transaction. As a result of this issue, MVA has adopted several systems checks to prevent this issue from occurring again, including a weekly audit of voter registrations completed at branch offices.

To address concerns about how the error occurred and how it was being remedied, the committee held a joint briefing with the House Committee on Ways and Means on July 12, 2018. The committee heard from the MVA administrator and State election officials regarding these issues. Also of note, during her presentation, the MVA administrator testified that the current MVA computer systems continue to use outdated programming languages and multiple non-integrated systems to operate separate divisions within the administration. She stated that the MVA computer systems and programming need an upgrade but she has been unable to make the necessary changes due to budget constraints.

On October 18, 2018, the committee was briefed by State election officials on registration requirements for out-of-state political committees and related enforcement actions, including enforcement of violations of independent expenditure reporting requirements. The committee discussed how out-of-state entities could choose to disclose campaign spending in the State by either registering as an out-of-state political committee or by itemizing independent expenditures and the consequences of that choice with regard to enforcement of violations.

Public Information Act Revisions

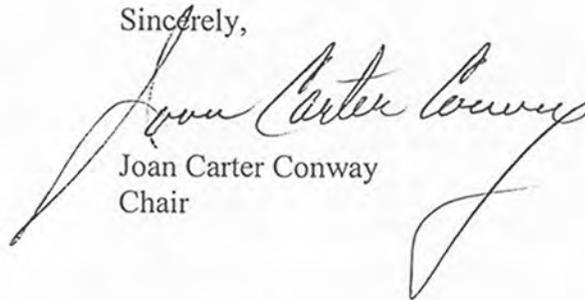
Senate Bill 788 *Public Information Act – Revisions* would have modified the Public Information Act to specify the circumstances under which a custodian of records must deny or allow inspection of a recording from a "personal surveillance video" device worn by a law enforcement officer. The bill also would have required a custodian to deny inspection of specified distribution lists and limited inspection of specified personal information of an individual to a "person in interest," regardless of whether or not the individual is deceased. The bill was an attempt to balance transparency with privacy, particularly the privacy of specified victims. Although the committee voted the bill favorably, debate on the Senate Floor revealed that controversy surrounding the bill persisted. The bill was ultimately recommitted to committee.

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
The Members of the Legislative Policy Committee
November 27, 2018
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On September 13, 2018, the committee held a briefing regarding the issues raised by Senate Bill 788. Representatives from the Maryland Association of Counties, the Maryland Municipal League, the City of Gaithersburg, and the American Civil Liberties Union of Maryland participated in the briefing. Despite the best efforts of advocates and interested stakeholders, no consensus was reached.

The committee greatly appreciates the assistance of the many private citizens, public officials, and legislative staff who participated in the activities of the committee during the 2018 interim.

Sincerely,

A handwritten signature in cursive script that reads "Joan Carter Conway". The signature is written in black ink and is positioned above the printed name and title.

Joan Carter Conway
Chair

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Members of the Education, Health, and Environmental Affairs Committee

JCC/SCF/ajn

Senate Finance Committee

**Maryland General Assembly
Senate Finance Committee
2018 Interim
Membership Roster**

**Thomas M. Middleton, Chair
John C. Astle, Vice Chair**

Senators

Joanne C. Benson
Brian J. Feldman
Stephen S. Hershey, Jr.
J.B. Jennings
Katherine A. Klausmeier
James N. Mathias, Jr.
Edward R. Reilly
James Rosapepe

Committee Staff

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David Smulski
Patrick Carlson
Andrew Johnston
Allison Taylor

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JOHN C. ASTLE
VICE CHAIR



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BRIAN J. FELDMAN
STEPHEN S. HERSHEY, JR.
J. B. JENNINGS
KATHERINE KLAUSMEIER
JAMES N. MATHIAS, JR.
NATHANIEL T. OAKS
EDWARD R. REILLY
JIM ROSAPEPE

THE SENATE OF MARYLAND
FINANCE COMMITTEE

December 14, 2018

The Honorable Thomas V. Mike Miller Jr., Co-Chair
The Honorable Michael E. Busch, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Senate Finance Committee respectfully submits its report summarizing the committee's activities during the 2018 interim. The full committee met one time during the 2018 interim. The Health and Transportation subcommittees did not meet.

Many members of the committee participated in other committees, task forces, and commissions including the Workers' Compensation Benefit and Insurance Oversight Committee; the Joint Audit Committee; the Joint Committee on Unemployment Insurance Oversight; the Joint Committee on Fair Practices and State Personnel Oversight; the Joint Committee on Cybersecurity, Information Technology, and Biotechnology; the Joint Committee on Behavioral Health and Opioid Use Disorders; the Task Force to Study Family and Medical Leave Insurance; the Rural Health Care Delivery Workgroup; the Maryland Health Insurance Coverage Protection Commission; and the Maryland Financial Consumer Protection Commission. The activities of these committees, task forces, and commissions that met during the interim are not summarized in this report.

The committee expresses its appreciation for the advice and assistance provided by governmental officials, State agency staff, and members of the public during the 2018 interim. The committee looks forward to the same spirit of cooperation and assistance during the forthcoming 2019 session.

Respectfully submitted,

A handwritten signature in cursive script that reads "Tom Middleton".

Thomas M. Middleton
Chair

TMM/TDB/ncs

cc: Ms. Vicki Gruber
Mr. Ryan Bishop

Senate Finance Committee 2018 Interim Report

Briefing on Public Service Commission Activities and Energy Update

On December 11, 2018, the committee heard from representatives of the Public Service Commission (PSC): Chair Jason Stanek; Commissioner Michael Richard; Commissioner Anthony O'Donnell; Commissioner Obi Linton; Commissioner Mindy Herman; and Executive Director Anthony Myers. Chair Stanek and the other PSC representatives provided the following information relating to PSC activities.

- Maryland continues its grid modernization efforts under the commission's Public Conference 44, including workgroup-driven efforts involving rate design initiatives like time-of-use rates and establishing the value of solar; electric vehicles; competitive markets and consumer choice; interconnection processes; and energy storage.
- Maryland remains on track to meet its EmPOWER Maryland energy savings targets and its Renewable Portfolio Standard goals. Maryland also achieved \$800 million in utility spending from diverse suppliers in 2017, which represented 24.8% of all utility spending – Maryland's highest rate ever. In addition, PSC recently handled and continues to handle several major proceedings, including the Transource electric transmission case, and rate cases for several large utilities.
- The commission remains very engaged at the federal level, most actively in a proceeding at the Federal Energy Regulatory Commission, under which PJM's capacity market rules have been found unjust and unreasonable due to state subsidies like nuclear and renewable energy. Additionally, as a result of the federal Tax Cuts & Jobs Act of 2017, the commission has been able to pass on significant savings to ratepayers.

Briefing on CON Modernization Study

Also on December 11, 2018, the committee held a second briefing on a study by the Maryland Health Care Commission (MHCC) on the modernization of Certificate of Need (CON). The committee heard from Ben Steffen who is Executive Director of MHCC. MHCC was asked by the Chairs of the Senate Finance Committee and the House Health and Government Operations Committee to examine CON, particularly as it related to hospitals. MHCC expanded on the request and performed a full of review of CON including examining major policy issues regarding CON regulation; reviewing approaches other states use to determine appropriate capacity; recommending revisions to CON law and State Health Plan regulations; considering the flexibility

needed to streamline CON project review process; and identifying areas of duplication with the Health Services Cost Review Commission (HSCRC) and the Maryland Department of Health.

MHCC convened task forces comprised of representatives of health care providers affected by CON to help conduct the review. There were two phases of the review. Phase 1 identified the problems to be addressed in modernizing CON regulation, with assistance from a stakeholder task force. In Phase 2, MHCC worked with an expanded stakeholder task force to develop consensus on the legal, regulatory, and process changes to best address the identified problems. A final report for General Assembly committees should be ready by January 2, 2019.

While the report is not final, Mr. Steffen described some regulatory reforms that could be immediately made to the State Health Plan, including:

- streamlining State Health Plan Standards by identifying plan chapters that are most in need of updating and prioritize their revision;
- creating an abbreviated review process for certain uncontested projects;
- revising performance requirements for approved projects that include a deadline for obligating the capital expenditures without project completion deadlines, and providing for staff review of certain post-approval project changes; and
- aligning CON with Total Cost of Care Model incentives.

Mr. Steffen also identified possible statutory changes that could be sought during the 2019 and 2020 legislative sessions, including:

- eliminating or modifying capital expenditure thresholds relating to hospital construction projects that currently require a CON;
- limiting certain required considerations in CON project review;
- eliminating requirements to obtain CON approval of changes in bed capacity for alcoholism and drug abuse treatment intermediate care facilities, residential treatment centers, changes in acute psychiatric bed capacity in hospitals, and hospice inpatient bed capacity; and
- altering ambulatory surgery CON, and CON review requirements.

Mr. Steffen concluded with areas of future study that the MHCC may undertake. These activities include convening a task force to identify alternatives to CON regulation of the home health, hospice, alcohol and drug treatment, and residential treatment center sectors, and working with HSCRC to integrate hospital CON project review and the Total Cost of Care Model.

The committee also heard from Brett McCone of the Maryland Hospital Association (MHA) on its study of CON procedures and process. Mr. McCone reported that MHA has been studying CON since 2015. MHA recommends:

- aligning CON with the Total Cost of Care Model;
- simplifying the CON process; and
- maintaining the State health plan chapters.

Implementing these recommendations would require a mix of statutory and regulatory changes. MHA mostly supports MHCC's draft recommendations. The critical needs for CON are Total Cost of Care Model alignment, prioritizing State health plan review, and maintaining the existing CON application framework. Mr. McCone concluded by stating that MHA is anticipating some legislation to express these priorities.

Senate Judicial Proceedings Committee

**Maryland General Assembly
Judicial Proceedings Committee**

**2018 Interim
Membership Roster**

**Bobby A. Zirkin, Chair
Delores G. Kelley, Vice Chair**

Senators

James Brochin
Robert Cassilly
Michael J. Hough
Susan C. Lee
C. Anthony Muse
Linda Norman
Victor R. Ramirez
Justin Ready
William C. Smith, Jr.

Committee Staff

Jameson D. Lancaster
Heather M. Marchione

BOBBY A. ZIRKIN
CHAIR

DELORES G. KELLEY
VICE CHAIR



JAMES BROCHIN
BOB CASSILLY
MICHAEL J. HOUGH
SUSAN C. LEE
C. ANTHONY MUSE
WAYNE NORMAN
VICTOR R. RAMIREZ
JUSTIN READY
WILLIAM C. SMITH

THE SENATE OF MARYLAND
JUDICIAL PROCEEDINGS COMMITTEE

December 4, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
Members of the Legislative Policy Committee

Ladies and Gentlemen:

Last spring, in response to the request of the President and the Speaker that I submit a tentative interim agenda, I indicated that the Judicial Proceedings Committee did not intend to meet during the 2018 interim. I am writing now to report that, as expected, the committee did not meet.

Sincerely,

A handwritten signature in black ink that reads "Bobby Zirkin".

Senator Bobby A. Zirkin
Chairman

BAZ/JDL/mjp

cc: Ms. Victoria Gruber
Mr. Ryan Bishop

House Appropriations Committee

**Maryland General Assembly
House Appropriations Committee
2018 Interim
Membership Roster**

**Delegate Maggie McIntosh, Chair
Delegate Tawanna P. Gaines, Vice Chair**

Delegates

Benjamin S. Barnes
Wendell R. Beitzel
Mary Beth Carozza
Mark S. Chang
Barrie S. Ciliberti
Jefferson L. Ghrist
Robin L. Grammer, Jr.
Ana Sol Gutiérrez
Keith E. Haynes
Shelly Hettleman
Michael A. Jackson
Adrienne A. Jones
Marc Korman
Carol L. Krimm
Clarence K. Lam
Brooke E. Lierman
Tony McConkey
Mike McKay
Aruna Miller
Kirill Reznik
Alice Sophocleus
Geraldine Valentino-Smith
David E. Vogt III
Pat Young

Committee Staff

Hannah E. Dier
Matthew B. Jackson
Jody J. Sprinkle



THE MARYLAND HOUSE OF DELEGATES
APPROPRIATIONS COMMITTEE

December 14, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-Chair
The Honorable Michael E. Busch, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

I am pleased to provide the 2018 interim report for the House Appropriations Committee. A summary of the committee's activities is listed below.

Briefing on the University of Maryland Football Program

On November 15, 2018, the full committee held a briefing to discuss the circumstances and aftermath of the tragic death of a University of Maryland, College Park Campus (UMCP) football player from heatstroke in the spring of 2018. Appearing before the committee was the newly installed Chair of the Board of Regents and the Chancellor of the University System of Maryland (USM). Secondly, the committee heard from the President of the UMCP. The death of the player from heatstroke and the subsequent national media report on the "toxic" culture of the university's football program led to (1) an external review and report of the circumstances and the medical handling of the player's death; and (2) the appointment of an independent commission to review and report on the entire culture of the football program.

In a written statement, the Chair of the USM Board of Regents acknowledged the board's role in the aftermath in regards to personnel matters and specifically acknowledged where "the board's personnel recommendations were wrong." Her testimony also highlighted the board's intention to oversee the implementation of the recommendations in the two reports. Committee members, including the Speaker of the House of Delegates, questioned the witnesses on a variety of topics including the roles and responsibilities of the board, the obligations of the board under the Open Meetings Act, and whether the football program was truly toxic or simply dysfunctional. Further, members expressed an interest in a closer examination of the issue of board governance as it pertains to university athletics during the 2019 session.

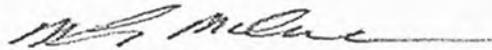
Fiscal Briefing

The full committee held a fiscal briefing jointly with the Senate Budget and Taxation Committee, the House Committee on Ways and Means, and the Spending Affordability Committee

on October 17, 2018. The Department of Legislative Services (DLS) reported on the economic outlook, revenue estimates, general fund forecast, and the status of the reserve fund. DLS indicated that the fiscal 2019 working appropriation would leave a fund balance of \$801.0 million and a structural balance of \$431.0 million. DLS cautioned, however, that projections indicate that ongoing spending will outpace ongoing revenues in the upcoming years, resulting in a projected negative structural balance of \$1.3 billion by fiscal 2024.

The committee extends its appreciation for the assistance and information provided by State and local officials, private citizens, and the staff of the DLS during the 2018 interim.

Sincerely,



Maggie McIntosh
Chair

MM/HED/eck

Enclosures

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop

House Economic Matters Committee

**Maryland General Assembly
House Economic Matters Committee
2018 Interim
Membership Roster**

**Delegate Dereck E. Davis, Chair
Delegate Sally Y. Jameson, Vice Chair**

Members

Delegate Christopher T. Adams
Delegate Steven J. Arentz
Delegate Susan L. M. Aumann
Delegate Charles E. Barkley
Delegate Talmadge Branch
Delegate Benjamin Brooks
Delegate Ned Carey
Delegate Luke Clippinger
Delegate Diana Fennell
Delegate Mark N. Fisher
Delegate C. William Frick
Delegate Cheryl D. Glenn
Delegate Seth Howard
Delegate Richard K. Impallaria
Delegate Benjamin F. Kramer
Delegate Mary Ann Lisanti
Delegate Johnny Mautz
Delegate Warren E. Miller
Delegate Kriselda Valderrama
Delegate Jeff D. Waldstreicher
Delegate C.T. Wilson

Staff

Robert K. Smith
Laura H. Atas
Mary A. Clarke

DELEGATE DERECK DAVIS
25th Legislative District
Prince George's County

Chair
Economic Matters Committee



The Maryland House of Delegates
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The Maryland House of Delegates
ANNAPOLIS, MARYLAND 21401

December 10, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-chair
The Honorable Michael E. Busch, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

On behalf of the House Economic Matters Committee, I am submitting a summary report of our activities during the 2018 legislative interim.

When the 2018 legislative session ended, the members of the Economic Matters Committee anticipated monitoring several issues within its subject matter jurisdiction. Although the committee did not meet during the interim, it received information on proceedings in several areas.

The committee continues to be concerned about the regulation of alcoholic beverages in the State and the role of public health and safety in the regulation and enforcement of alcohol policy. The committee will review the work of the Task Force to Study State Alcohol Regulation, Enforcement, Safety, and Public Health established under Chapter 25 of 2018, which is expected to issue its recommendations shortly.

The committee continues to review the work of the Maryland Financial Consumer Protection Commission established under Chapters 18 and 781 of 2017. The commission is in the process of producing a report that is expected to contain recommendations, including legislation on one or more of the following topics: cryptocurrencies, retail manufactured homes, data breaches, student loan servicers, indirect auto lending, and potential revisions to various standards relating to fiduciary duties, arbitration, and loan repayment.

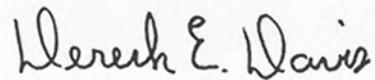
In the area of renewable energy, the committee continues to monitor the proceedings of the study of the renewable energy portfolio standard by the Power Plant Research Program in light of the enactment of Chapter 393 of 2017, and the energy storage study that the program is conducting under Chapter 382 of 2017.

The committee may take up the status of these and other matters of concern in briefings early in the 2019 session in addition to the orientation briefings provided for new members to acquire background in the committee's subject matter jurisdiction.

The Honorable Thomas V. Mike Miller, Jr., Co-chair
The Honorable Michael E. Busch, Co-chair
Members of the Legislative Policy Committee
December 10, 2018
Page 2

The Economic Matters Committee wishes to thank those agencies and individuals who contributed their time and talent during this 2018 interim to inform and advise the committee.

Respectfully submitted,



Dereck E. Davis
Chair

DED/RKS:LHA:MAC/kms

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop

House Environment and Transportation Committee

Maryland General Assembly
House Environment and Transportation Committee
2018 Interim
Membership Roster

Delegate Kumar Barve, Chairman
Delegate Dana Stein, Vice-Chairman

Carl Anderton
Pamela Beidle
Alfred Carr
Andrew Cassilly
Jerry Clark
Robert Flanagan
William Folden
David Fraser-Hildalgo
Barbara Frush
James Gilchrist
Anne Healey
Marvin Holmes
Jay Jacobs
Jay Jalisi
Tony Knotts
Stephen Lafferty
Robyn Lewis
Cory McCray
Herb McMillan
Charles Otto
Shane Robinson
William J. Wivell

Committee Staff

Laura P. Lodge
Cristen C. Flynn
T. Patrick Tracy

KUMAR P. BARVE
CHAIRMAN



THE MARYLAND HOUSE OF DELEGATES
ENVIRONMENT AND TRANSPORTATION COMMITTEE

December 4, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Environment and Transportation Committee did not meet during the 2018 interim.

The committee is planning to hold several briefings early in the 2019 session to bring committee members, especially the newly assigned members, up-to-date on the various subjects over which the committee has jurisdiction.

On behalf of the Environment and Transportation Committee, I'd like to extend my appreciation for the information and assistance that was provided throughout the past term by the many State and local officials, private citizens, and committee staff.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Kumar P. Barve", written over a horizontal line.

Delegate Kumar P. Barve

KPB/LPL/TPT/CCF/sdb

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Alexandra Hughes
Mr. Jake Weissmann

House Health and Government Operations Committee

**House Health and Government Operations Committee
2018 Interim
Membership Roster**

Delegate Shane E. Pendergrass, Chair
Delegate Eric M. Bromwell, Vice Chair

Delegates

Angela Angel
Erek L. Barron
Bonnie L. Cullison
Antonio L. Hayes
Terri L. Hill
Ariana B. Kelly
Nicholaus R. Kipke
Susan W. Krebs
Pat McDonough
Ric Metzgar
Christian Miele
Marice Morales
Matthew Morgan
Joseline A. Peña-Melnyk
Andrew Platt
Samuel I. Rosenberg
Sid Saab
Sheree Sample-Hughes
Kathy Szeliga
Chris West
Karen Lewis Young

Committee Staff

Erin R. Hopwood
Lindsay A. Rowe
Lisa J. Simpson



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

November 21, 2018

The Honorable Thomas V. Mike Miller, Jr., President of the Senate
The Honorable Michael E. Busch, Speaker of the House
Members of the Legislative Policy Committee

Ladies and Gentlemen:

This letter responds to your request for a summary of the 2018 interim work of the House Health and Government Operations Committee. The committee did not meet during the interim but will hold briefings early in the 2019 session to educate both new and returning members on issues in the committee's subject areas.

Though the committee did not meet, it requested various groups to study issues over the 2018 interim. The committee appreciates the advice and assistance of the numerous private citizens and public officials who participated in those interim studies. As Chair, I would also like to thank the committee members and staff for their time and effort.

Sincerely,

A handwritten signature in cursive script that reads "Shane Pendergrass".

Delegate Shane E. Pendergrass
Chair

LAR/RMN/bao

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Members, House Health and Government Operations Committee

House Judiciary Committee

**Maryland General Assembly
House Judiciary Committee
2018 Interim
Membership Roster**

**Joseph F. Vallario, Jr., Chairman
Kathleen M. Dumais, Vice Chairman**

Delegates

Curtis S. Anderson
Vanessa E. Atterbeary
Joe Cluster
Frank M. Conaway, Jr.
Paul Corderman
Angela C. Gibson
Glen Glass
Trent Kittleman
Jazz Lewis
Michael E. Malone
Susan K. McComas
David Moon
Dan K. Morhaim
Neil C. Parrott
Susie Proctor
Pam Queen
Deborah C. Rey
Carlo Sanchez
Charles E. Sydnor, III

Committee Staff

Douglas R. Nestor
Lauren C. Nestor
Claire E. Rossmark

JOSEPH F. VALLARIO, JR.
CHAIR



KATHLEEN M. DUMAIS
VICE CHAIR

THE MARYLAND HOUSE OF DELEGATES
JUDICIARY COMMITTEE

December 1, 2018

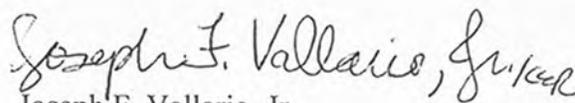
The Honorable Thomas V. Mike Miller, Jr., Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The House Judiciary Committee respectfully submits this summary report of its activities during the 2018 interim.

The committee did not meet this interim.

Sincerely,


Joseph F. Vallario, Jr.
Chairman

JFV/CER/ero

cc: Ms. Victoria Gruber
Mr. Ryan Bishop
Members of the Judiciary Committee

House Ways and Means Committee

**Maryland General Assembly
House Ways and Means Committee
2018 Interim
Membership Roster**

**Delegate Anne R. Kaiser, Chairman
Delegate Frank S. Turner, Vice-Chairman**

Delegates

Kathryn L. Afzali
Bilal Ali
Darryl Barnes
Jason C. Buckel
Eric Ebersole
Sheila E. Hixson
Kevin B. Hornberger
Carolyn J. B. Howard
Robert B. Long
Eric G. Luedtke
Nick Mosby
Edith J. Patterson
Teresa E. Reilly
April Rose
Haven Shoemaker
Meagan C. Simonaire
Jimmy Tarlau
Jay Walker
Mary L. Washington
Alonzo T. Washington
Jheanelle K. Wilkins

Committee Staff

Kelsey-Anne Fung
Charity L. Scott
Stanford D. Ward

ANNE R. KAISER
CHAIR

FRANK S. TURNER
VICE CHAIR



THE MARYLAND HOUSE OF DELEGATES
WAYS AND MEANS COMMITTEE

December 11, 2018

The Honorable Thomas V. Mike Miller Jr, Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
The Honorable Members of the Legislative Policy Committee

Ladies and Gentlemen:

The House Ways and Means Committee had a limited interim agenda this year due to the elections for State offices and expected turnover in the committee's membership. On November 15, 2018, the committee met jointly with the Senate Budget and Taxation Committee, the House Appropriations Committee, and the Spending Affordability Committee for a briefing on the State's fiscal condition from the Department of Legislative Services. No other formal committee activities occurred during the interim; however, staff continued to monitor and research issues within the committee's jurisdiction.

Please contact me or my staff if you require additional information about the activities of the committee during the 2018 interim.

Sincerely,

A handwritten signature in cursive script that reads "Anne Kaiser".

Anne R. Kaiser
Chair, Ways and Means Committee

ARK/SDW/mrm

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Alexandra M. Hughes
Mr. Jake Weissmann

Statutory and Special Joint Committees

**Joint Committee on
Administrative, Executive, and Legislative Review**

**Maryland General Assembly
Joint Committee on Administrative, Executive, and
Legislative Review (AELR)
2018 Membership Roster**

**Senator Roger Manno (Senate Chair)
Delegate Samuel I Rosenberg (House Chair)**

Senators

Robert Cassilly
Adelaide C. Eckardt
Guy Guzzone
James N. Mathias, Jr.
Victor R. Ramirez
Barbara Robinson
William C. Smith, Jr.
Steve Waugh

Delegates

Eric M. Bromwell
Luke Clippinger
Robert L. Flanagan
Marvin E. Holmes, Jr.
Jay A. Jacobs
Susan K. McComas
Dan K. Morhaim
Kirill Reznik
Mary L. Washington

Committee Staff

George H. Butler
Nathan W. McCurdy
Kathryn H. Selle



MARYLAND GENERAL ASSEMBLY
JOINT COMMITTEE ON ADMINISTRATIVE, EXECUTIVE, AND LEGISLATIVE REVIEW

December 14, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-chair
The Honorable Michael E. Busch, Co-chair
Members of the Legislative Policy Committee

Dear Members of the Legislative Policy Committee:

The following report of the Joint Committee on Administrative, Executive, and Legislative Review for 2018 is submitted in accordance with § 2-506(b) of the State Government Article.

Functions of the Committee

The committee has several statutory review functions relating to the activities of the Executive Branch. The committee's primary role is to review regulations issued by State administrative agencies. The specific statutory functions of the committee are as follows:

- review of all regulations proposed by State executive agencies before publication of the regulations in the *Maryland Register*;
- review and approval of all requests from State executive agencies for the immediate adoption, through the emergency process, of proposed regulations;
- discretionary review of the operations of any executive agency;
- discretionary inquiry into any alleged failure of an officer or employee of any branch of State government to comply with the laws of the State;
- review and approval of any executive order promulgated by the Governor pursuant to the Governor's emergency energy powers under Title 14, Subtitle 3 of the Public Safety Article;

The Honorable Thomas V. Mike Miller, Jr., Co-chair
The Honorable Michael E. Busch, Co-chair
Members of the Legislative Policy Committee
December 14, 2018
Page 2

- review of executive agency “work plans” and “evaluation reports” submitted in the course of an agency’s cyclical review of its existing regulations under the Regulatory Review and Evaluation Act, as implemented by Executive Order 01.01.2003.20;
- ongoing supervisory responsibilities under the “State Documents Law” relating to the publication of the *Maryland Register* and the *Code of Maryland Regulations* (COMAR) and;
- other specific review responsibilities established by statute.

Statistical Overview

As of December 11, 2018, the committee had received 8 regulations submitted by executive agencies in 2018 for emergency approval and 377 regulations proposed for adoption within normal timeframes, for an overall total of 385 regulations. In 2017, the committee received 8 emergency regulations and 267 proposed regulations for a total of 275 regulations.

The committee has compiled statistics since 1993 on the number of regulations received by the committee from each agency. The Maryland Department of Health (MDH), formerly the Department of Health and Mental Hygiene, consistently has been the most prolific in submitting regulations to the committee. In 2018, MDH submitted 96 regulations to the committee, of which 1 was an emergency proposal and 95 were proposed regulations. The regulations submitted by MDH constituted approximately 25% of the total number of regulations the committee received for the year.

The Department of Labor, Licensing, and Regulation, which submitted 57 proposed regulations, was the second most prolific source of regulations. The State Board of Education was the third highest source of regulations in 2018, submitting 1 emergency proposal and 34 proposed regulations, for a total of 35 regulations. Other agencies submitting significant numbers of regulations were the Department of Transportation (25 proposed regulations), the Maryland Insurance Administration (23 proposed regulations), the Department of Natural Resources (2 emergency proposals and 17 proposed regulations), the Department of the Environment (17 proposed regulations), the Department of Agriculture (1 emergency proposal and 14 proposed regulations), the Department of Assessments and Taxation (13 proposed regulations), the Maryland Higher Education Commission (1 emergency proposal and 12 proposed regulations), and the Public Service Commission (11 proposed regulations).

The Honorable Thomas V. Mike Miller, Jr., Co-chair
The Honorable Michael E. Busch, Co-chair
Members of the Legislative Policy Committee
December 14, 2018
Page 3

Supervisory Responsibilities under the State Documents Law

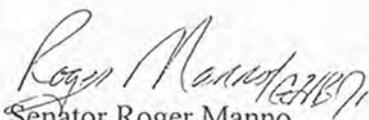
As part of its supervisory responsibilities under the "State Documents Law" (Title 7, Subtitle 2 of the State Government Article), the committee continued to monitor significant developments concerning publications of the Division of State Documents (DSD), a unit within the Office of the Secretary of State. DSD publishes the *Maryland Register* and the *Code of Maryland Regulations* (COMAR).

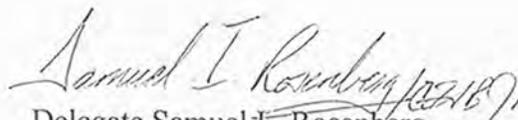
Existing Agency Operations and Regulations

Under § 2-506(b) of the State Government Article, the committee is required to comment on any legislative action that is needed to change or reverse a regulation of a unit of the Executive Branch. The committee has been satisfied with the continued cooperation it receives from the Executive Branch and is pleased to report that no recommendations for change are required at this time.

The committee wishes to note its appreciation for the continued cooperation of the Executive Branch and its various agencies in making the process of legislative review of regulations successful.

Respectfully submitted,


Senator Roger Manno
Senate Chair (Presiding)


Delegate Samuel I. Rosenberg
House Chair

RM:SIR/GHB:NWM:KHS/cr

cc: Ms. Ryane Necessary
Ms. Dana Tagalicod

Joint Audit Committee

**Joint Committee on Behavioral Health and Opioid Use
Disorders**

**Joint Committee on the
Chesapeake and Atlantic Coastal Bays Critical Area**

Joint Committee on Children, Youth, and Families

**Maryland General Assembly
Joint Committee on Children, Youth, and Families
2018 Interim Membership Roster**

**Senator Nancy J. King, Senate Chair
Delegate Ariana B. Kelly, House Chair**

Senators

Gail H. Bates
Joanne C. Benson
Joan Carter Conway
Adelaide C. Eckardt
Bill Ferguson
Michael J. Hough
Shirley Nathan-Pulliam

Delegates

Kathy Afzali
Vanessa E. Atterbeary
Eric Ebersole
Tawanna P. Gaines
Ana Sol Gutiérrez
Antonio L. Hayes
Meagan C. Simonaire
Alonzo T. Washington
Mary L. Washington

Committee Staff

Jennifer K. Botts
Hannah E. Dier



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON CHILDREN, YOUTH, AND FAMILIES

December 14, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-chair
The Honorable Michael E. Busch, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Children, Youth, and Families respectfully submits the following summary of its 2018 interim activities.

The joint committee met once during the interim to consider various issues related to child care for families in the State, including parental leave for State employees, tax credits for child care, the Child Care Subsidy Program, and the availability and cost of child care.

The joint committee's meeting on October 17, 2018, commenced with a presentation from the Department of Budget and Management on the implementation of a parental leave policy for State employees of the Executive Branch, as required by Chapter 752 of 2018. Although Chapter 752 did not require the Legislative or Judicial branches to provide parental leave, representatives from the Department of Legislative Services and the Judiciary informed the joint committee that such leave will be offered to employees of those branches, and summarized the applicable policies.

The joint committee also heard a summary of numerous aspects of child care in the State from the Maryland Family Network. Information presented included data on how many children in the State were in various types of child care settings, the average weekly cost of child care, and how child care costs compared to other major household expenses. The joint committee also heard about barriers to finding adequate child care, such as cost and location.

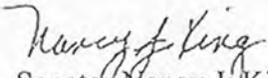
Next, the National Women's Law Center provided an overview of how child care tax credits work to benefit families. The presentation included information on best practices for child care tax policies, such as making the credits refundable, and provided both a summary and detailed examples of relevant tax provisions as adopted in other states.

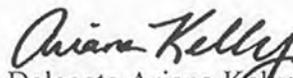
The Honorable Thomas V. Mike Miller, Jr., Co-chair
The Honorable Michael E. Busch, Co-chair
Members of the Legislative Policy Committee
December 14, 2018
Page 2

Finally, the Maryland State Department of Education provided the joint committee with an update on the State's Child Care Subsidy Program. Since the joint committee last examined the program in the 2017 interim, several notable changes have occurred, including (1) the enactment of Chapters 563 and 564 of 2018, which will increase provider reimbursement rates to a minimum of the sixtieth percentile by fiscal 2022; (2) the adoption of regulations to expand income eligibility from 32% to 65% of the State Median Income; (3) increased federal funding for the Child Care Development Block Grant; and (4) the elimination of the waitlist for program services.

The Joint Committee on Children, Youth, and Families wishes to thank those individuals who contributed their time and expertise during the 2018 interim to inform and advise the committee's work.

Sincerely,


Senator Nancy J. King
Senate Chair


Delegate Ariana Kelly
House Chair

NJK:AK/JKB:HED/km

cc: Members, Joint Committee on Children, Youth, and Families
Ms. Victoria L. Gruber
Mr. Ryan Bishop

**Joint Committee on Cybersecurity, Information Technology,
and Biotechnology**

**Joint Committee on Fair Practices and State Personnel
Oversight**

**Maryland General Assembly
Joint Committee on Fair Practices and
State Personnel Oversight**

2018 Interim Membership Roster

**Senator C. Anthony Muse, Senate Chair
Delegate Adrienne A. Jones, House Chair**

Senate Members

Joanne C. Benson
Adelaide C. Eckardt
Barbara Robinson

House Members

Mark S. Chang
Jefferson L. Ghrist
Aruna Miller

Committee Staff

David A. Smulski



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401

December 14, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-Chair
The Honorable Michael E. Busch, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Fair Practices and State Personnel Oversight is charged with overseeing the employment policies and personnel systems of the executive branch of State government and the State's equal employment opportunity policies and procedures. The committee met once during the 2018 interim on October 30, and is pleased to present its interim report.

The meeting began with the committee receiving its annual update on the State Equal Employment Opportunity Program (EEO) and the EEO complaint process from Glynis Watford, the Statewide Equal Employment Opportunity Coordinator. Ms. Watford described the role of the EEO Coordinator, and relayed the activities of the office. Ms. Watford reported that the full EEO report is not yet available, so the majority of the demographic data included in the report is unavailable.

In response to questions from the joint committee, Ms. Watford responded that the EEO office is not independent, it reports to the Secretary of the Department of Budget and Management (DBM). The office does, however, conduct independent investigations of complaints, but an employee can also make a complaint with the State Human Relations Commission. Each State agency must take the appropriate action if there is probable cause resulting from a complaint. Also, all State agency EEO officers must cooperate with its human resources people, and if a human resource officer receives a complaint they should immediately contact the agency EEO officer.

Cindy Kollner, Executive Director of the Office of Personnel Services and Benefits, provided an update on the number of employees, Grade 19 and above or the equivalent, hired by State agencies after vetting by the Governor's Appointments Office. Ms. Kollner relayed that DBM does not maintain that information, but there were 346 potential employees vetted by the appointments office from July 2017 to August 2018. In addition, during that period approximately 700 at-will positions were filled. Delegate Jones asked if it was possible to receive more personnel detail on these employees, such as specific positions and steps and grades. Ms. Kollner replied that DBM can provide relevant information that is not confidential and also aggregate demographic details regarding political special appointment positions.

The Honorable Thomas V. Mike Miller, Jr., Co-Chair
The Honorable Michael E. Busch, Co-Chair
Members of the Legislative Policy Committee
December 14, 2018
Page 2

Ms. Kollner also described the State's new Parental Leave Policy, which is the result of Chapter 752 of 2018. The policy provides employees in the Executive Branch of State Government up to 60 days of paid parental leave following the birth or adoption of a child if the employee is the primary caregiver. Ms. Kollner reported that Administration went beyond the legislative requirement by authorizing the leave for 6 months following the birth or adoption and allowed both parents access to the leave. A request for parental leave may not be denied, but it can be postponed based on working out a schedule between the employee and the department. As of October, 56 State employees have used the leave.

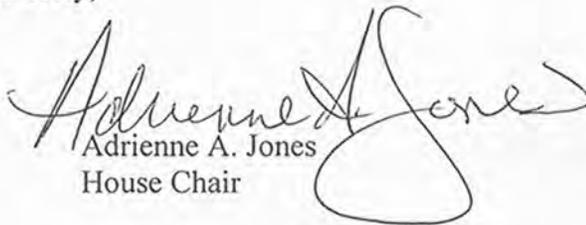
Lastly, Delegate Jones asked about the status of the vacant labor slot on the State Labor Relations Board, and the status of collective bargaining negotiations between DBM and the exclusive representatives. Ms. Kollner replied that the State Labor Relations Board does not fall under the purview of DBM, but she would try to find out the status of the vacant position. Regarding collective bargaining, DBM is in active negotiations with most of the exclusive representatives; however, AFSCME has walked away from the bargaining table because there has been no agreement on the content and context of negotiations.

The joint committee looks forward to DBM's responses to the requests for additional information made by the members. We wish to thank the committee members for their participation, the representatives of public and private organizations who kept us informed and expressed their views, and the committee staff for their support.

Sincerely,



C. Anthony Muse
Senate Chair



Adrienne A. Jones
House Chair

CAM:AAJ/DAS/cr

cc: Mr. Ryan Bishop
Ms. Victoria L. Gruber

Joint Committee on Federal Relations

**Maryland General Assembly
Joint Committee on Federal Relations
2018 Membership Roster**

**Senator Brian J. Feldman, Chair
Delegate Alfred C. Carr, Jr., Chair**

Senators

Robert Cassilly
J. B. Jennings
Cheryl C. Kagan
Roger Manno
Douglas J. J. Peters
Victor R. Ramirez
Steve Waugh
Ronald N. Young

Delegates

Jim Gilchrist
Glen Glass
Ariana B. Kelly
Marc Korman
Kirill Reznik
Alonzo T. Washington
Chris West



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401
Joint Committee on Federal Relations

December 10, 2018

The Honorable Thomas V. Mike Miller, Jr, Co-chair
The Honorable Michael E. Busch, Co-chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Federal Relations respectfully submits the attached report on its activities during the 2018 interim. The committee's primary focus this interim was a briefing held on September 20, which focused on the interstate enforcement of driving and other vehicle-related laws. As in past years, the committee also conducted its annual review of interstate compacts.

In addition, continuing an effort begun last year to address contingent laws related to interstate compacts that have gone for a long period of time without taking effect, committee staff have identified one instance in which legislation repealing a contingency would help to clarify the code, without substantive effect. We, as chairs of the committee, have agreed to introduce that legislation in the 2019 session. Committee staff have also requested advice from the Office of the Attorney General regarding two other contingent laws. Pending receipt of that advice, similar action may be taken with respect to those laws, to clarify the code, either through introduction of nonsubstantive legislation or communication with the code publisher regarding the representation of those laws in the code as being in effect or not.

The committee looks forward to continuing its role as a forum for discussion of important issues in State-federal relations.

Sincerely,

Handwritten signature of Brian J. Feldman.

Brian J. Feldman
Senate Co-chair

Handwritten signature of Alfred C. Carr, Jr.

Alfred C. Carr, Jr.
House Co-chair

BJF:ACC/SDK:MJM/sdb

Enclosure

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop

Joint Committee on Gaming Oversight

Joint Committee on Ending Homelessness

**Maryland General Assembly
Joint Committee on Ending Homelessness
2018 Interim Membership Roster**

**Senator Richard S. Madaleno, Jr. (Senate Chair)
Delegate Mary L. Washington (House Chair)**

Senators

Joanne C. Benson
James N. Mathias, Jr.
Victor R. Ramirez
Barbara A. Robinson

Delegates

Shelly Hettleman
Carol L. Krimm
Brooke E. Lierman
Mike McKay
Edith J. Patterson
Geraldine Valentino-Smith

Committee Staff

Jason A. Kramer
Anne P. Wagner



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401-1991

JOINT COMMITTEE ON ENDING HOMELESSNESS

December 14, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Ending Homelessness is pleased to submit a summary report of its 2018 interim activities. This report also serves as the committee's annual report. This was the committee's fourth year of activity. The committee met twice this interim (September 26 and October 23).

The committee's work this interim continued activities of exploring issues related to homelessness. The meetings included:

- a discussion of the need for funding for the Ending Youth Homelessness Act (Chapter 748 of 2018);
- a review of the reorganization of the Department of Housing and Community Development's Homeless Solutions Program and the changes in funding for providers;
- a presentation from the Student Homelessness Initiative Partnership of Frederick County;
- an update on the Maryland Total Human Services Information Network information technology project;
- an update on the work of the Two Generation Commission;
- an overview of the Temporary Cash Assistance Program;
- findings from the 2018 Youth Count, a report from the Youth and Young Adult Homelessness Workgroup;

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
Members of the Legislative Policy Committee
December 14, 2018
Page 2

- and an update from the Interagency Council on Homelessness.

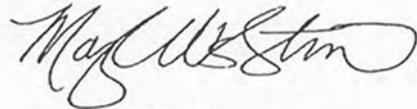
Attached is a summary of the committee's interim studies as well as the recommendations of the committee.

We wish to thank the joint committee members for their participation, representatives of public and private organizations who kept us informed, and our committee staff for their support.

Respectfully submitted,



Richard S. Madaleno, Jr
Senate Chair



Mary L. Washington
House Chair

RSM:MLW/JAK:APW/km

Enclosure

cc: Members of the Joint Committee on Ending Homelessness
Ms. Victoria L. Gruber
Mr. Ryan Bishop

Joint Committee on Ending Homelessness Interim Report

The Joint Committee on Ending Homelessness (JCEH) was established by Chapter 427 of 2014 and became effective June 1, 2015. To ensure that public resources, programs, and policies are coordinated and effective in preventing, mitigating the effects of, and ending homelessness in Maryland, the committee is to study issues related to homelessness including (1) housing; (2) income; (3) health care; (4) education; (5) government supports; and (6) veterans experiencing homelessness. The committee is to consult with governmental agencies, community-based organizations, and other stakeholders to identify State policies, programs, and actions that should or could prevent, mitigate the effects of, and end homelessness in Maryland. The committee is to review and make recommendations, including identifying new laws, regulations, programs, services, and budgetary priorities to meet these goals. The committee is also required to search for any intradepartmental or interdepartmental gaps, inconsistencies, and inefficiencies in the implementation or attainment of the State policies, programs, and actions related to these goals. The committee is required to submit an annual report to the General Assembly of its activities and recommendations. This report fulfills this requirement.

Chapter 104 of 2016 expanded the membership of JCEH from 10 to 16, allowing for 8 members from both the House of Delegates and the Senate. The chapter became effective October 1, 2016. The committee currently has 5 Senate members and 7 House of Delegate members.

During this fourth year of activity as a committee, JCEH held two meetings (September 26 and October 23). Topics discussed at these meetings included:

- a summary of relevant legislation proposed and enacted during the 2018 session;
- an overview of the Youth Reach MD count of unaccompanied homeless youth results;
- a discussion of the need for funding for the Ending Youth Homelessness Act (Chapter 748 of 2018);
- a review of the reorganization of the Department of Housing and Community Development's (DCHD) Homeless Solutions Program (HSP) and the changes in funding for providers;
- a presentation from the Student Homelessness Initiative Partnership of Frederick County;

- an update on the Maryland Total Human Services Information Network (MD THINK) information technology (IT) project;
- a review of two-generation strategies and the work of the Governor's Two-Generation Family Economic Security Commission;
- an overview of the Temporary Cash Assistance (TCA) Program;
- a report from the Youth and Young Adult Homelessness Workgroup; and
- a review of the work of the Maryland Interagency Council on Homelessness (ICH) in 2018.

State Funding of Homelessness Programs

The joint committee held one briefing that included information about State funding for homelessness programs in Maryland. One of the briefings included a discussion of the need for funding to implement the Ending Youth Homelessness Act and a presentation by DHCD on the department's reorganization of its HSP.

Funding for Ending Youth Homelessness Act

Staff members from the Youth Empowered Society (YES) Drop-In Centers thanked the committee for its support of the Ending Youth Homelessness Act and stressed the importance of funding it in the future. YES Drop-In Centers, located in Baltimore City, serve youth ages 14 to 25 and offer services including showers, laundry, phone charging, access to health care, connections to housing and employment, and workforce development. Providing funding for the implementation of the Act could increase funding for the YES Drop-In Centers and programs that house youth as well as collaboration among programs to create a continuum of care (CoC) for youth.

Ms. Ingrid M. Löfgren, Homeless Youth Initiative Director, Homeless Persons Representation Project, outlined the changes resulting from the Act. The Act establishes a program providing housing and supportive services for youth experiencing homelessness by funding community-based organizations. She noted that many of the youth served by these community partners would likely be the same population served by the costly State foster care and juvenile justice systems. Similarly, she described how funding programs for youth would decrease chronic homelessness and related reliance on social safety nets, emergency services, expensive health care, and unemployment.

Reorganization of Homeless Solutions Programs

The panel on this topic included two speakers from DHCD, Ms. Heather Sheridan,

Associate Director of Homelessness Initiatives, and Mr. P. Stuart Campbell, Director of the Office of Community Programs; and two speakers from CoCs, Ms. Jeanine Beasley, Manager of Mid Shore Behavioral Health, Inc., and Ms. Sandy O. Washington, Executive Director of LifeStyles of Maryland, Inc. Ms. Sheridan provided an overview of the changes, goals, and timeline regarding the consolidation of the Department of Human Services (DHS) and DHCD grant programs. Mr. Campbell described the grant-making process for fiscal 2019, including fund sources and requirements for grantees, under the new HSP.

CoC representatives discussed the impact of the grant consolidation on the Southern Maryland and Mid Shore CoCs, and emphasized how the transition streamlined the monitoring and application processes for multiple grant programs. The Mid Shore CoC benefitted from increased administrative funding and leveraged State funding to attract more federal funds for rapid rehousing.

Service Providers

The joint committee held one briefing that included presentations from the Student Homelessness Initiative Partnership (SHIP) of Frederick County and Marian House, two service providers in the State.

Discussion of SHIP of Frederick County

Staff members of SHIP of Frederick County told the committee about SHIP's work with the Frederick County school district, including helping to provide food and clothing to homeless students in the district, providing funding to allow homeless students to participate in extracurricular activities, and attempting to find emergency shelter when necessary. However, SHIP does not have the capacity to provide shelter for homeless children and instead makes emergency placements in motels. The youth-specific needs, such as adult supervision, make the provision of housing for youth difficult. The homeless students SHIP serves are disproportionately people of color or victims of abuse, and people who are homeless in youth are much more likely to experience homelessness as adults. The goal of SHIP's New Horizons Counseling Program for Homeless Youth is to assist homeless children with graduating from high school. The program has worked with 89 youth and provides assistance with issues surrounding education, economics, and health and dental care. SHIP will also create a host home pilot program in fall 2019 that will have a goal of providing a safe environment in which youth can complete high school.

Ms. Löfgren told the committee that her organization was working with SHIP to identify the barriers for unaccompanied homeless minors in finding housing and noted that data shows that there are more than 2,300 unaccompanied homeless youth in the State, primarily in Prince George's, Baltimore, Anne Arundel, and Montgomery counties and Baltimore City but that the number is almost definitely undercounted. Minors are unable to apply for housing subsidies, cannot rent, and cannot get a hotel room. Additionally, homelessness is not considered grounds

for neglect or abuse, so homeless youth are not necessarily eligible for child protective services. Community-based organizations are also risk averse when deciding whether to serve minors and instead focus on youth ages 18 to 24. Minors are often not legally able to consent to housing services in Maryland, but some states have laws that allow homeless youth to consent to services. Programs like SHIP are a response to the gap in need created by many of the barriers previously noted.

Provider Perspective on the Impact of State Homelessness Funding Changes

Staff members and residents of Marian House, a Baltimore City organization that provides rehabilitative services and housing to homeless women and their children, discussed the impact of DHCD changes to its homelessness programs. DHCD is now requiring funding recipients to provide low-barrier housing and to focus on a Housing First strategy. While low-barrier housing and Housing First are national best practices, there can be disagreement with the strategies. Housing First requires intensive wrap-around services, but organizations may lack the funding to implement the strategy due to increased costs associated with serving higher need populations. Additionally, a portion of the homeless population is not immediately ready to be housed, and Housing First may not be appropriate for them. Due to the new DHCD requirements, Marian House will see its State funding cut. Ms. Todd, a Marian House resident, told the committee of her experience in becoming homeless. Ms. Todd coped with the death of her son with alcohol consumption and lost her job and home due to alcoholism. She was originally connected with a low-barrier shelter in Prince George's County, but the presence of alcohol was allowed, which was not conducive to her recovery efforts. However, Marian House provided both a roof and the structure she needed in recovery.

Update on the MD THINK IT Project

The panel regarding the MD THINK IT project included two staff members from DHS: Mr. Gregory S. James, Deputy Secretary for Operations and Mr. Subramanian Muniasamy, Chief Technology Officer. The goal of MD THINK is to modernize human service IT systems and to integrate the systems on one platform that will hold centralized consumer data. Current human service systems use out-of-date technology and have little interface with other systems that serve similar target consumers. DHS is the lead agency in charge of this project and partners with the Department of Information Technology, the Department of Juvenile Services (DJS), the Maryland Health Benefit Exchange, and the Maryland Department of Health.

Mr. Muniasamy emphasized that the project uses an agile method, in which multiple vendors implement and test components of the software and IT systems in two-week sprints. Past IT projects have used a waterfall process that turns over all operations to a single integrator that presents and tests the final product upon completion. As of October 23, 2018, the shared data platform was completed and the Long Term Care application was launched statewide following a pilot in four jurisdictions (Cecil, Frederick, Harford, and Howard counties). DHS expects to launch

the next pilot in May 2019 for the Child Juvenile Adult Management System that replaces and integrates the case management IT system in DJS and the Maryland Children's Electronic Social Services Information Exchange (also referred to as CHESSIE).

Two-Generation Family Economic Security Commission Update

Ms. Netsanet Kibret, Executive Director of the Family Investment Administration in DHS, presented on the recent activity of the Governor's Two-Generation Family Economic Security Commission. The commission was established by Executive Order 01.01.2017.03 to investigate policy challenges, opportunities, and recommendations regarding the mitigation of multigenerational poverty. At a meeting in June 2018, the commission discussed the Next Step program in Prince George's County that uses a two-generation approach. The program is a partnership between the local Department of Social Services and Prince George's Community College to offer free tuition, professional development, and academic support to participants in TCA so that they can support themselves and their families. The commission is scheduled to sunset after submitting a final report due December 2018.

Overview of the TCA Program

Ms. Kibret and Ms. Letitia Passarella, Research Director of Family Welfare Research and Training Group in the University of Maryland, School of Social Work, described the federal Temporary Assistance for Needy Families program, referred to as TCA in Maryland. Eligibility requirements include having dependent children, cooperating with the child support program, participating in work activities, and meeting income level requirements. The value of the monthly TCA benefit is reviewed annually to ensure that cash assistance combined with federal food stamps is equal to at least 61% of the State minimum living level. As a result, the maximum TCA payment for a household of three increased by 4.7% to \$709 per month, effective October 1, 2018.

Regarding data that DHS collects on homelessness among individuals receiving public assistance, the current IT system allows case managers to note homelessness under a certain code for a new TCA case. However, the process for existing cases does not trigger case managers to revisit this to ensure the accuracy of that code. MD THINK is expected to improve data collection methods for individuals receiving public assistance and whether they experience homelessness.

Ms. Passarella discussed the overall characteristics of TCA recipients and the benefit of TCA recipients also receiving child support payments. Among all TCA recipients, 70% are children and 40% reside in Baltimore City. Among adult TCA recipients, 91% are women. Families on average receive TCA benefits for nine consecutive months, but families may also return to the program after exiting. When families exit the program, the most common reason is noncompliance with the work activity requirement (28% of cases). Of families with a child support order one year after TCA exit, 71% received a payment, and the median payment received was

\$1,788 over one year. Ms. Passarella emphasized that child support payments are an important income source and can help prevent families from returning to TCA.

Findings from the 2018 Youth Count and Report from the Youth and Young Adult Homelessness Workgroup

Ms. Amanda Miller, Project Manager of Youth REACH MD, presented the findings from the 2018 Youth Count, a survey and census of unaccompanied youth and young adults who are experiencing homelessness. Unaccompanied homeless youth include individuals under age 24 who are not in the custody of a parent or legal guardian and lack a regular nighttime residence. The 2018 Youth Count included 20 out of 24 jurisdictions in Maryland, an increase of three jurisdictions (Frederick, Howard, and Montgomery counties) from the 2017 count. In each jurisdiction, the local CoC conducted the count over a two-week period between March 3 and April 15, 2018.

Of the 1,782 surveys administered in the 20 participating jurisdictions, 816 surveys were for individuals who met the Youth REACH MD definition for an unaccompanied homeless youth. Among the surveyed unaccompanied homeless youth, 78% identified as non-White, 59% identified as male, 17% identified as lesbian, gay, bi-sexual, or queer, and 30% were a parent. The most commonly reported location that youth slept in over the prior two months was doubled up with a family member or friend. Youth reported transportation and waiting lists as the most common barriers stopping them from accessing services. Ms. Miller emphasized that most youth experiencing homelessness are not accessing traditional housing services.

Ms. Christina Drushel-Williams, Chair of the Youth and Young Adult Workgroup for the Maryland ICH, updated the committee on the recent and future activity of the workgroup. Recent accomplishments include a tuition waiver for youth experiencing homelessness and the passage of the Ending Youth Homelessness Act of 2018. The Maryland ICH workgroup will publish a report in December 2018 discussing youth decision making; equitable outcomes for youth of color and lesbian, gay, bi-sexual, and transgender youth; and prevention and diversion strategies.

Update on Maryland ICH and Preliminary Findings from the Annual Report on Homelessness

Ms. Heather Sheridan, Associate Director of Homelessness Initiatives in DHCD, presented the work of Maryland ICH in 2018, its fourth year of activity. Some accomplishments include consolidating State funded homeless service grants, expanding the Youth Count conducted by Youth REACH MD, surveying jails and prisons to determine how staff exit people so they do not become homeless, and helping State agencies develop strategies to increase permanent supportive housing.

Ms. Sheridan also outlined recent trends in the homeless population and changes to federal

funding discussed in the 2018 Annual Report on Homelessness. From 2016 to 2018, both years in which only sheltered homeless individuals were counted, the number of individuals counted on January 31 as part of the Point-In-Time Count decreased while the total number of homeless individuals served in the year increased. The U.S. Department of Housing and Urban Development increased 2018 federal fund awards to Maryland CoCs for permanent supportive housing and rapid re-housing services and decreased awards for transitional and safe-haven housing.

Joint Committee on Legislative Ethics

**Maryland General Assembly
Joint Committee on Legislative Ethics
2018 Membership Roster**

**James E. DeGrange, Senate Chairman
Adrienne A. Jones, House Chairman**

Senators

Stephen S. Hershey, Jr.
Nancy King
Katherine Klausmeier
Nathaniel McFadden

Delegates

Susan L.M. Aumann
Bonnie Cullison
C. William Frick
Susan K. McComas
Samuel I. Rosenberg

Committee Staff

Deadra W. Daly
Crystal L. Lemieux



MARYLAND GENERAL ASSEMBLY
JOINT COMMITTEE ON LEGISLATIVE ETHICS

December 4, 2018

The Honorable Thomas V. Mike Miller, Jr.
The Honorable Michael E. Busch
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Legislative Ethics met three times during the 2018 interim. At those meetings, the committee reviewed disclosures and disclaimers filed by legislators. As you know, any other activities of the committee are required, by law, to remain confidential.

The committee will continue to meet on an as-needed basis.

Respectfully submitted,

Handwritten signature of James E. DeGrange, Sr.

James E. DeGrange, Sr.
Co-Chairman

Handwritten signature of Adrienne A. Jones.

Adrienne A. Jones
Co-Chairman

Enclosure

**Joint Committee on Legislative Information Technology and
Open Government**

**Maryland General Assembly
Joint Committee on Legislative Information Technology and
Open Government**

**2018 Interim
Membership Roster**

**Douglas J.J. Peters, Senate Chairman
Luke Clippinger, House Chairman**

Senators

George C. Edwards
J.B. Jennings
Nancy J. King
Katherine Klausmeier
Nathaniel J. McFadden

Delegates

Mary Beth Carozza
Jazz Lewis
Warren E. Miller
Dan K. Morhaim
Pat Young

Committee Staff

Lindsay Rowe



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401

Joint Committee on Legislative Information Technology and Open Government

December 10, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-chairman
The Honorable Michael E. Busch, Co-chairman
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on Legislative Information Technology and Open Government respectfully submits its 2018 interim activities report. The joint committee met on October 3, 2018, to receive presentations from the Open Meetings Compliance Board (OMCB), the Public Information Act (PIA) Compliance Board (PIACB), the Open Access Ombudsman, the Maryland-Delaware-DC Press Association, and the Office of Information Systems (OIS) in the Department of Legislative Services (DLS). These briefings are summarized following this letter.

The joint committee appreciates the advice and assistance of the private citizens and public officials who participated in the joint committee's activities during the 2018 interim. We also wish to thank the staff of the Department of Legislative Services for their assistance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D.J. Peters".

Douglas J. J. Peters
Senate Co-chair

A handwritten signature in black ink, appearing to read "Luke Clippinger".

Luke Clippinger
House Co-chair

DJJP:LC/LAR/ajn

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop
Ms. Ryane M. Necessary

Joint Committee on Legislative Information Technology and Open Government Interim Report

Open Meetings Compliance Board

April Ishak, member of the OMCB, described the board membership and noted that the members' packets contained the board's twenty-sixth annual report. Ms. Ishak discussed complaints made to the board during fiscal 2018, noting that 16 of the complaints this year were the result of a single complainant's survey of the Maryland boards of education. Ms. Ishak also noted that many violations dealt with the adequacy of a public body's disclosure requirements and the closing of meetings. Eleven violations involved closed meetings. Examples of violations include minutes that did not give adequate information as to what was discussed in the closed meeting and a lack of notice by a public body of the right of the public to observe the vote to close a meeting.

Ms. Ishak expressed that the board does not see the need for any legislation at this time. The board encourages public bodies to study the Open Meetings Act (OMA), noting that public bodies without staff or legal advice often do not know the law but are amenable to complying when advised of an issue. Ms. Ishak reiterated a prior request of the board to the joint committee and General Assembly as a whole that it be notified when legislation is submitted by a member of the General Assembly so that the board has an opportunity to meet and give comments on legislation.

Further discussing the complaints described in the board's annual report, Ms. Ishak noted that the board has made no conclusions about compliance rates because the number of complaints is small compared to the number of public bodies. Ms. Ishak noted that only three of the complaints received came from media sources, with only one finding of a violation. Ms. Ishak expressed that the board's focus is on guiding public bodies and giving advice.

In response to questions, Ms. Ishak explained that the board does not have notice of every public body that forms because it does not have staff to keep track of this and because public bodies are regularly created, abolished, or the names are changed. It is the responsibility of the entity creating the public body to keep it compliant with the law. Ms. Ishak also noted that the Maryland Attorney General's website has a section on the OMA and discussed the requirement that at least one person on the public body be trained as to the OMA's requirements.

Public Information Act Compliance Board

John H. West III, Chair of the Public Information Act Compliance Board, described the board's membership and responsibilities and noted that the members' packets contained the board's third annual report. He briefly summarized the number and outcome of complaints

received and referred the committee members to the report for more detail. Mr. West highlighted that many complaints to the board came from inmates who had not received a fee waiver denial. Mr. West emphasized the value and competency of the Public Access Ombudsman in resolving complaints.

Mr. West highlighted several recommendations for legislative action that were included in the board's report as well as several holdover recommendations from last year's report that the board continues to support. The board supports legislation that would entitle inmates to one indigence-based fee waiver in order for the inmate to obtain his or her own file. The board also supports expanding its jurisdiction to include the review of fee waiver denials. Finally, Mr. West discussed the board's support of expanding protections against the request of bulk personal information. Though this was addressed through Chapters 39 and 40 of 2018, Mr. West expressed that the board sees opportunities to increase protections against personal information being made public.

One of the holdover recommendations highlighted by Mr. West is the board's view that contractors involved in the storage and retention of government records be subject to the same record management requirements as the public body. Mr. West noted that the board currently benefits from the technological expertise of one of its members and recommends requiring at least one member to possess such expertise so that the board can continue to effectively review complaints. Finally, to increase the benefits of referring cases to the Public Access Ombudsman, the board recommends authorizing referrals at any time and expanding the timeframe for review in cases referred to the ombudsman.

In response to questions from committee members, Mr. West clarified that requiring a board member to possess technological expertise would not require adding a member to the board but could be accomplished by requiring one of the existing number to have this background. Mr. West also clarified that the recommendation relating to third party contractors does not stem from a specific incident but is in the interest of promoting consistency amongst record holders.

Office of the Public Access Ombudsman

Lisa Kershner, Public Access Ombudsman, briefed the committee on the establishment of the Office of the Public Access Ombudsman and its activities. Ms. Kershner provided documents summarizing the Ombudsman's work and operations. Ms. Kershner highlighted two broad categories of requests, complaints regarding fully ripe disputes, and requests for information. She also discussed the various types of requestors and noted that the largest group of requestors is incarcerated individuals (approximately 36% of requestors). Ms. Kershner also discussed outreach work to educate custodians on the PIA.

Ms. Kershner highlighted several types of issues that she has mediated, including withholding of documents; withholding of information within documents through redaction; fee issues, including amounts charged and denials of waivers; and failure to respond to a request. Ms. Kershner estimated that an agency's failure to respond represented just over 20% of cases brought to the Ombudsman while incomplete responses represented approximately 22% of

complaints. Ms. Kershner hypothesized that the incomplete responses may be a result of 2017 legislation requiring custodians to explain why a record is withheld rather than redacted, potentially resulting in a higher number of redacted records returned to requestors.

Ms. Kershner estimated that fee issues represent 15% of her caseload, including both disputes as to the fee amount and denials of fee waivers. Ms. Kershner discussed the interconnection between fee waiver disputes and fee amounts. Based on the link between these issues, she supports legislation to give jurisdiction over fee waivers to the PIACB. Ms. Kershner also noted that there is no extrajudicial remedy for PIA disputes and stated that she believes another enforcement remedy is needed to incentivize parties to agree to resolution. Ms. Kershner stated that she supports the recommendations made by the PIACB in both its annual report and comments before the joint committee, particularly the recommendation regarding tolling the time limits when a case is referred to mediation.

Ms. Kershner outlined her goals as Ombudsman, which include working to monitor her caseload with the hope of improving efficiency and creating a relational database for case management, continuing to develop a greater online process of informational resources including developing suggested best practices both for agencies and requestors, and developing interpretive regulations to explain how the Ombudsman's mediation process is working that would ensure the process is clear to all.

With regard to the issue of inmate case files, Ms. Kershner discussed conversations she had with an assistant county attorney who suggested requiring the digitization of records at a set point in time (for example, when a case goes to appeal), to make record production less expensive and time consuming. Ms. Kershner noted that record retention and management requirements placed on police departments, state and county attorneys, and courts would require input from these stakeholders. Ms. Kershner further discussed issues specific to post-conviction proceedings, including discovery rules and the lack of clarity related to the right to obtain records. Ms. Kershner expressed that it would be useful to allow under law or rule for the production of the inmate's file for the purposes of filing a post-conviction petition. This provision would not be part of the PIA, as Ms. Kershner views this as separate from the purposes of the PIA.

Maryland-Delaware-DC Press Association

Rebecca Snyder, Executive Director of the Maryland-Delaware-DC Press Association presented to the joint committee on the membership of the Press Association, the role of the media outlets represented, and the population reached by the members. Ms. Snyder expressed that the Press Association represents citizens in scrutinizing government activity because government cannot serve as its own watchdog. Through reporting, members of the Press Association provide context for citizens to understand their government.

Ms. Snyder discussed the importance of transparency in Maryland government and discussed this framework within the context of the OMA, PIA, and various statutory notice requirements. While the Press Association is a sophisticated user of these statutes, Ms. Snyder

noted that public records should be available to all. Ms. Snyder noted the value of the Ombudsman in mediating disputes and expressed that the PIACB is underutilized, perhaps because it lacks jurisdiction over fee waivers. The Press Association concurs with the recommendation that the PIACB's scope should be expanded, including to provide enforcement options outside of the court system. In addition, the Press Association supports expanding the authority of the OMCB to enforce the OMA. Ms. Snyder stated that there seems to be limited consequences to a public body when the OMA is not followed. Finally, Ms. Snyder expressed the concern that legal notice requirements have weakened, limiting what the public sees of public activity.

Ms. Snyder highlighted issues the Press Association members have faced when requesting information, including time constraints due to the deadlines associated with journalism, difficulty getting information from police departments, and document management leading to inefficiencies obtaining records.

Ms. Snyder discussed the state of the press corps since the June 28, 2018 shooting at the Capital Gazette in Annapolis, noting that many journalists are more fearful for their safety. Members of the Press Association also face economic pressures due to the shift from print to online media and as a result of newsprint tariffs. Finally, Ms. Snyder discussed a current legal challenge against a federal law mandating websites publish details about advertisements, which the Press Association views as compelled speech.

Office of Information Systems

Michael Gaudiello, Director of the Office of Information Systems in DLS, briefed the joint committee on the status of ongoing and new OIS projects. He discussed the online bill drafting review process implemented in the Office of Policy Analysis in fall 2017 and noted that use of the new system has allowed for a faster turnaround time for bills as well as a more accurate drafting process.

Mr. Gaudiello also described enhancements made to the web-based floor system. The system has approximately 500 users between the members and their staff. Enhancements for 2019 will include a personal notebook with two new tabs to track bond initiatives and sponsored bill requests. The system will allow a member to request a bond initiative or bill directly from the floor system and to track where bills and initiatives are in the process. Regarding upgrades to the constituent tracking application, OIS remains committed to moving forward with the project and is continuing to explore options, most recently looking at a cloud-based solution.

OIS completed an upgrade to the voting boards while maintaining the historic décor of both the Senate and House chambers. The new boards allow for the same functionality as the previous voting boards. The new voting boards have a projected life of 20 or more years. The House chamber sound system was also upgraded to employ a more modern, digital technology. Mr. Gaudiello noted that all the Senate laptops will be replaced before the 2019 session begins, consistent with the three-year cycle employed by OIS. All House floor laptops were replaced before the 2017 session. In addition to replacing laptops, all DLS and General Assembly members and staff will receive software upgrades on their laptops during the 2018 interim. In January,

OIS will host an in-house training for new members and staff on the legislative software package and Microsoft Office suite.

Regarding new projects, Mr. Gaudiello discussed the new bond request process. Beginning with the 2019 legislative session, bond requests will no longer require a bill draft but will be requested through the bond initiative program. Process and tracking will be provided on both the floor system application and the General Assembly website.

Another significant new project OIS undertook during the 2018 interim was the development of a new committee information system. The system is comprised of three parts: committee application, hearing schedule, and witness signup via wall display. With the new system, there will no longer be a Wednesday hearing schedule each week, but instead the schedule will be updated in real time. The system functionality will also allow members to add the hearing schedule to their personal calendars and to stream hearings directly from the hearing schedule (both live stream and on-demand stream). The prior committee software was the last major application using the Mapper system and OIS will be retiring the Mapper system once the new software is deployed.

Mr. Gaudiello also discussed OIS's work to expand use of the SAP time sheet application. The application previously ran internally and was not used by other staff. After the expansion, the time sheet system will be able to be accessed anywhere. During the 2018 session OIS launched a pilot project in which the House Health and Government Operations Committee recorded all committee votes on an iPad application. After the successful pilot, OIS will be extending that application to all standing committees and to the Senate and House Rules committees. OIS is also working to improve the General Assembly website functionality on mobile devices such as mobile phones and iPads.

In response to a question regarding establishing and using electronic bill files to store and distribute bill testimony, Mr. Gaudiello stated that it would not be technically challenging or very expensive but is a policy matter and that OIS has not been asked by General Assembly leadership to pursue this project. Members of the joint committee expressed concern that this topic was raised during the joint committee's 2017 meeting but that there was an inadequate response at that time. Members of the joint committee suggested that the use of electronic testimony could be tested in one standing committee first as a pilot project, noting that this would be a question for General Assembly leadership. Mr. Gaudiello stated that he would follow up with the joint committee after the meeting with more information on this topic.

Several members raised concerns about the constituent management system and expressed a desire to ensure its continued use meant that the system would become more user friendly and that members would be consulted regarding interface changes. In response, Mr. Gaudiello reiterated that OIS staff would evaluate the system options and then pursue a pilot program if a solution seemed viable.

In response to a question about certain technology that is not regularly used, Mr. Gaudiello explained that all of the components are in working order and its use depends on presenters preparing materials that employ it.

Following the October 3, 2018 meeting, Mr. Gaudiello forwarded an email to the joint committee members that Mr. Gaudiello had sent to the joint committee after its 2017 meeting. In the letter, Mr. Gaudiello reiterated that while the technology is available to allow for the electronic submission of testimony, it is a policy decision as to whether to employ it.

Public Comment

No members of the public submitted comments.

Joint Committee on the Management of Public Funds

**Maryland General Assembly
Joint Committee on the Management of Public Funds**

2018 Interim Membership Roster

**Senator Cheryl C. Kagan, Senate Chair
Delegate Ana Sol Gutiérrez, House Chair (Presiding)**

Senators

Joanne C. Benson
Richard S. Madaleno, Jr.
Edward R. Reilly

Delegates

Carolyn J. B. Howard
David E. Vogt, III
Alonzo T. Washington

Committee Staff

Heather N. Ruby
Benjamin B. Wilhelm



THE MARYLAND GENERAL ASSEMBLY
ANNAPOLIS, MARYLAND 21401

Joint Committee on the Management of Public Funds

December 17, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-Chair
The Honorable Michael E. Busch, Co-Chair
Members of the Legislative Policy Committee

Ladies and Gentlemen:

The Joint Committee on the Management of Public Funds is pleased to present this report on its activities undertaken during the 2018 interim in the conduct of its charge to oversee the general management of State public funds. The joint committee met twice and was briefed on several relevant topics, including the State's economic development programs, the activities of the Comptroller's and Treasurer's offices, and audits of local governments.

A summary of the activities of the joint committee is enclosed. In addition, electronic copies of the written testimonies provided to the joint committee are available by request through committee staff Heather Ruby (heather.ruby@mlis.state.md.us) or Ben Wilhelm (benjamin.wilhelm@mlis.state.md.us).

The joint committee greatly appreciates the assistance of the many individuals who participated in the activities of the joint committee during the 2018 interim.

Respectfully submitted,

Handwritten signature of Cheryl C. Kagan.

Senator Cheryl C. Kagan
Senate Chair

Handwritten signature of Ana Sol Gutiérrez.

Delegate Ana Sol Gutiérrez
House Chair (Presiding)

CCK:ASG/BBW:HNO/cr

Enclosure

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop

Joint Committee on the Management of Public Funds 2018 Interim Report

The Joint Committee on the Management of Public Funds held two meetings in Annapolis during the 2018 interim.

October 2, 2018 Meeting

Update on State Economic Development Programs

The joint committee invited representatives of the Maryland Technology Development Corporation, the Maryland Agricultural & Resource-Based Industry Development Corporation, and the Maryland Small Business Development Financing Authority to address the committee regarding their economic development and small business financing programs across the State.

Maryland Technology Development Corporation

John Wasilisin, President and Chief Operating Officer, George Davis, Chief Executive Officer, and Andy Jones, Chief Investment Officer of the Maryland Technology Development Corporation (TEDCO) provided an overview of agency operations and reported economic output of more than \$1 billion for the State since 1998. TEDCO discussed its recent investment activity and highlighted the New Builder Fund and the Rural Business Innovation Initiative.

Committee members asked TEDCO about several aspects of the agency's operations. One committee member asked about how TEDCO supports university research and the agency explained its tech transfer activities. Another committee member asked how TEDCO ensures that its venture capital is invested in Maryland companies, as required by law. The agency explained how it responds when companies expand or relocate outside Maryland and discussed the challenges that situation creates. One of the co-chairs also raised the issue of restrictions on investment in Maryland companies by board members. TEDCO reported that they have lost board members and potential board members because those individuals preferred to be free to invest in companies and discussed with the committee how the General Assembly could resolve this issue.

Maryland Agricultural and Resource-Based Industry Development Corporation

Stephen McHenry, Executive Director of the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO) briefed the committee on the activities of MARBIDCO and how it supports business activity in Maryland. MARBIDCO noted that the sector it supports is directly responsible for over 6% of State Gross Domestic Products. The agency also provided an update on changes to the Next Generation Farmland Acquisition Program that were enacted during the 2016 session and how a total of \$5 million provided in fiscal 2018 and 2019 is being used to help beginning farmers purchase property and establish permanent conservation

easements on that land. One of the co-chairs asked for additional information about support for urban farmers and the committee discussed how to expand those offerings.

Additionally, one of the co-chairs noted that the MARBIDCO website did not provide free translation as required by State law. Following the meeting, MARBIDCO resolved this deficiency.

Maryland Small Business Development Financing Authority

Stanley Tucker, President and Chief Executive Officer, and Alex Agwuna, Vice President of Meridian Management Group (MMG), which is the administrator of the Maryland Small Business Development Financing Authority (MSBDFA) briefed the committee and answered questions on its loan-making activities including the return on MSBDFA's investments and the demographics of its loan recipients. The committee also discussed and recommended additional reporting, particularly on investment performance that would be beneficial. The conferees raised a concern to the committee regarding the need to direct additional funding to increase outreach to Hispanic businesses, expand lending capacity, and reestablish an appropriation specifically for marketing Hispanic, Asian, and other minority businesses.

The committee and conferees also discussed the recent reallocation of funds from the Maryland Casino Business Investment Fund (MCBIF) to the Education Trust Fund by the General Assembly. Some committee members strongly advocated for the future restoration of funding. No action is being recommended by the committee at this time.

October 17, 2018 Meeting

State Treasurer's Office – Update on Activities

State Treasurer Nancy Kopp provided an update on the activities of the Treasurer's Office. Treasurer Kopp reported that in July 2018 all three rating agencies affirmed the State's AAA bond rating. Maryland is 1 of only 12 states with AAA ratings from each of the three rating agencies.

In September 2018, the Capital Debt Affordability Committee (CDAC) recommended \$995 million for new general obligation bond authorizations to support the fiscal 2020 capital program. CDAC further recommended that the authorization of \$995 million be maintained in future fiscal years. With these debt levels, the debt affordability ratios remain within CDAC benchmarks of 4% debt outstanding to personal income and 8% debt service to revenues.

The Treasurer and the joint committee also discussed the State Insurance Fund and how the State procures insurance for state property. The Treasurer suggested that maintenance of State facilities is important to the rates the State pays for insurance and their condition is deteriorating. Over the past few years, there has been a steady increase in premiums and difficulty obtaining coverage for boilers and other machinery, specifically for the universities, due to a lack of carriers willing to write the coverage and the severity of the claims.

The joint committee was asked to sponsor legislation by the State Treasurer's Office for the 2019 legislative session. Under current law, CDAC is required to submit its recommendations

to the Governor and General Assembly on or before October 1 of each year. In addition to its review of debt, the committee's analysis requires careful consideration of State revenues. The Board of Revenue Estimates generally issues its official revenue estimates in late September. The timing of the board's approval of the revenue estimates leaves little time for the debt affordability analysis to be completed. Therefore, Treasurer Kopp asked the joint committee to support legislation in the 2019 session to extend the CDAC deadline to no later than October 20. The joint committee agreed to do so.

Comptroller's Office – Update on Activities

Comptroller Peter Franchot provided an update on the activities of the Comptroller's Office. In March 2018, the Comptroller's Office's Bureau of Revenue Estimates (BRE) released a study examining a considerable shift in the age composition of the State's tax base and the dynamic effect this shift has had and will continue to have on State revenues. BRE also projected significant increases in revenue for fiscal 2019 and 2020 resulting from the federal Tax Cuts and Job Act of 2017 and the Supreme Court's recent decision on *Wayfair v. South Dakota*.

The Comptroller told the committee that his office again focused on providing effective and efficient services to taxpayers during the 2018 tax filing season. In an effort to improve its call center operations, the office has two remote call centers, which answered more than 146,000 phone calls of the over 421,000 phone calls answered by the taxpayer services division in fiscal 2018. The Annapolis taxpayer service office was relocated in September 2018 from the Revenue Administration Division (RAD) to a retail space on West Street to serve the needs of taxpayers while establishing an extra layer of security to protect sensitive taxpayer information held by RAD.

The Comptroller's Office advised that during the most recent tax season, the State collected \$17 billion in gross revenue and processed more than 3 million individual tax returns. Of those 3 million tax returns, more than 85% were filed electronically. More than 2 million families received tax refunds on average within three business days. The Comptroller's Office also discussed its continued efforts to protect State taxpayers against fraud and identity theft. During the most recent year, the Comptroller's Office blocked more than 11,000 fraudulent tax returns worth nearly \$14 million. The co-chairs asked about the Office of the Comptroller's modernization of its IT systems. The Comptroller commented that the evaluation process is complete, but they are several years away from implementing a new tax administration system.

The joint committee was not asked to sponsor any legislation by the Office of the Comptroller for the 2019 legislative session. While the Comptroller does not plan to introduce legislation for the 2019 session, the Comptroller will inform the joint committee if that changes.

Office of Legislative Audits – Review of Local Government Audit Reports

Robert Garman, Assistant Director of Quality Assurance in the Office of Legislative Audits (OLA), presented information on the desk reviews of local government audits for fiscal 2017.

OLA's report identified two local governments: Charlestown and Pocomoke City as having potential financial problems. Charlestown had an unrestricted general fund deficit of approximately \$205,000 as of June 30, 2017, related to closing a special revenue fund into the general fund. Pocomoke City was identified as having negative financial trends and ratios in its general fund, including recent year expenditures exceeding revenues that has led to a large decrease in available fund balance.

OLA's report summarized the most significant and frequent problem areas found during its annual review of local government audits. These problem areas include failing to file an audit report, failing to present the audit or financial statements in accordance with generally accepted auditing and accounting principles, failing to present all required statements, lacking adequate disclosures, and the issuance of qualified or adverse opinions by an auditor. The Town of Marydel had not filed audit reports for fiscal 2013 through 2017 due in large part to the town's previous mayor embezzling funds and destroying accounting records, but has recently filed audit reports for fiscal 2013 through 2016. The Town of Deer Park has not filed audit reports for fiscal 2015 through 2017. The Washington Suburban Transit Commission has not filed audit reports for fiscal 2015 and 2016, while Hyattsville has not filed for fiscal 2016 and 2017. Four local governments: Bel Air, Lonaconing, Mount Rainier, and Seat Pleasant Special Taxing Area have not filed an audit report for fiscal 2017.

OLA reported that a letter describing the areas of noncompliance with the audit guidelines was sent to each local government and its independent auditor. For areas of noncompliance with State laws and potential financial problems, OLA requests that the local governments provide written descriptions of the actions to be taken to eliminate the conditions, when appropriate. OLA then reviews and evaluates the responses.

The joint committee questioned the ramifications of unfiled audit reports. The Executive Director of the Department of Legislative Services (DLS) is notified of those local governments with more than one audit report outstanding. If a local government does not comply with the audit report filing requirements, State law provides that the Comptroller, on notice from the Executive Director of DLS, may order the discontinuance of all moneys, grants, or State aid to which the local governments are entitled. Transportation aid was withheld in recent years for Marydel and Deer Park due to their failure to file. Robert Garman noted that Marydel is working on their audit reports and anticipates that they will be filed shortly. Failure to file a required report with DLS for three successive years is one of the three conditions that must be satisfied before the Executive Director of DLS is required to notify the Secretary of State that a municipal charter should be repealed. **The joint committee recommends DLS to continue to closely monitor jurisdictions that have consistently ignored requests to file audit reports, like Deer Park.**

Written Reports on State Procurement Reforms

In addition to the two hearings discussed above, the committee remains interested in the impact of recently implemented changes to the State's procurement system required under Chapter 590 of 2017. While the deadline for this reorganization to go into effect, October 1, 2018, precluded the scheduling of a hearing with the relevant stakeholders, the co-chairs did request that the Department of General Services, Board of Public Works, and State Treasurer's Office submit written testimony for committee review on the status of procurement reform.

Joint Committee on Pensions

**Maryland General Assembly
Joint Committee on Pensions
2018 Interim
Membership Roster**

**Guy Guzzone, Senate Chair
Benjamin S. Barnes, House Chair**

Senators

Adelaide C. Eckardt
Bill Ferguson
Edward J. Kasemeyer
Roger P. Manno
Nathaniel J. McFadden
Andrew A. Serafini
Craig J. Zucker

Delegates

Barrie S. Ciliberti
Keith E. Haynes
Michael A. Jackson
Carol L. Krimm
Brooke E. Lierman
Tony McConkey
Patrick G. Young, Jr.

Committee Staff

Phillip S. Anthony
Dana K. Tagalicod
Matthew B. Jackson



MARYLAND GENERAL ASSEMBLY
JOINT COMMITTEE ON PENSIONS

December 19, 2018

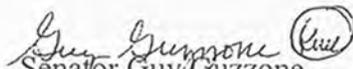
The Honorable Thomas V. Mike Miller, Jr., Co-Chair
The Honorable Michael E. Busch, Co-Chair
Members of the Legislative Policy Committee

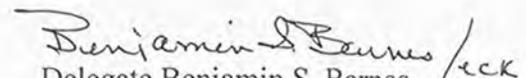
Ladies and Gentlemen:

The Joint Committee on Pensions herewith submits a report of its 2018 interim activities and legislative recommendations. The joint committee met three times during the 2018 interim and addressed one pension topic and 14 legislative proposals requested by the Board of Trustees for the State Retirement and Pension System. The joint committee made recommendations on these items at its final meeting for the 2018 interim. The joint committee also had its annual briefings on the actuarial valuation of the system and the system's investments.

We thank the joint committee members for their diligence and attention to the work of the committee. Also, on behalf of the committee members, we thank Phillip S. Anthony, Dana K. Tagalicod, Matthew B. Jackson, Cathy Kramer, Ria Hartlein, and Brett Ogden of the Department of Legislative Services and the staff of the Maryland State Retirement Agency for their assistance.

Sincerely,


Senator Guy Guzzone
Senate Chair


Delegate Benjamin S. Barnes
House Chair

GG:BSB/PSA:DKT/eck

Enclosure

cc: Ms. Victoria L. Gruber
Mr. Ryan Bishop

Joint Committee on Pensions 2018 Interim Report

Over the course of three meetings during the 2018 interim, the Joint Committee on Pensions had a briefing on one pension topic and 14 legislative proposals requested by the Board of Trustees for the State Retirement and Pension System (SRPS). The joint committee also had its annual briefings on the actuarial valuation of the system and the system's investments.

Results of the 2018 Actuarial Valuation and Fiscal 2020 Contribution Rates

From fiscal 2017 to 2018, SRPS's funded status (the ratio of projected actuarial assets to projected actuarial liabilities) improved from 70.9% at the end of fiscal 2017 to 71.6% at the end of fiscal 2018 (these figures exclude funding for local governments that participate in the State plan). Several combined factors set the system up for continued improvement in its funding status, including the increasing number of new members entering the system under the reformed benefit structure enacted in 2011, the elimination of the corridor funding method, and continued supplemental contributions. The total State unfunded liability increased from \$18.854 billion to \$19.038 billion.

Fiscal 2020 Contribution Rates

Exhibit 1 shows that the employer contribution rate for the Teachers' Combined Systems (TCS) will increase from 16.16% in fiscal 2019 to 16.30% in fiscal 2020, and the contribution rate for the Employees' Combined Systems (ECS) will increase from 19.23% in fiscal 2019 to 20.22% in fiscal 2020. The aggregate contribution rate, including contributions for public safety employees and judges, increases from 18.15% in fiscal 2019 to 18.54% in fiscal 2020. Based on projected payroll growth and other factors, the SRPS actuary estimates that total employer pension contributions will increase from \$1.930 billion in fiscal 2019 to \$1.991 billion in fiscal 2020. The fiscal 2020 contribution rates are the actuarially determined contribution rates and reflect the Board of Trustees decision to lower the investment return assumption from 7.50% to 7.45%. The funding rates and contribution amounts are inclusive of the \$75 million supplemental contribution required by Chapter 489 of 2015.

Exhibit 1
State Pension Contributions
Fiscal 2019 and 2020
(\$ in Millions)

<u>Plan</u>	2019		2020	
	<u>Rate</u>	<u>Contribution</u>	<u>Rate</u>	<u>Contribution</u>
Teachers' Combined	16.16%	\$1,130.0	16.30%	\$1,166.5
Employees' Combined	19.23%	648.5	20.22%	670.2
State Police	79.41%	83.6	80.58%	84.7
Judges	44.53%	21.9	44.44%	22.1
Law Enforcement Officers	40.81%	45.7	42.40%	47.9
Aggregate	18.15%	\$1,929.6	18.54%	\$1,991.3

Note: Except for the Teachers' Combined System (TCS), contribution rates and dollar amounts reflect State funds only, excluding municipal contributions. For TCS, it reflects the combined total of State and local contributions. Figures also reflect the \$75 million supplemental contribution required by Chapter 489 of 2015.

Source: Gabriel, Roeder, Smith, & Co., *June 30, 2018 Actuarial Valuation for Fiscal Year 2020*

Employer contribution rates were subject to multiple influences this year, some exerting upward pressure and others downward pressure. Investment returns over the five-year smoothing period and further reduction of the assumed rate of investment return exert upward pressure on the fiscal 2020 contribution rates. Increased membership under the reformed benefit structure exerts downward pressure on the rates. Chapter 489 eliminated the corridor funding method, which restricted the growth of contribution rates for TCS and ECS, the two largest plans within SRPS. This ensures that the budgeted contribution rate is the actuarially determined rate necessary to fully fund the system.

In addition to eliminating the corridor method and returning the system to full actuarially determined funding, Chapter 489 also provides for a supplemental contribution of \$75.0 million each year until the system is 85% funded. Additionally, Chapter 489 included a sweeper provision, which directs a portion of unspent general funds to the system as an additional supplemental payment in fiscal 2020. Since fiscal 2018 ended with an unappropriated fund balance totaling \$503.8 million, the Administration is required to include an additional \$50.0 million appropriation for State pension contributions, the maximum required by Chapter 489.

State Retirement and Pension System Investment Performance

The SRPS investment return for the fiscal year that ended on June 30, 2018, was 8.06%, exceeding the assumed rate of return of 7.50%. System assets grew to a market value of almost \$52 billion, as of June 30, 2018. The performance was driven primarily by the system's growth equity holdings, which returned 12.75% for the fiscal year, exceeding its benchmark by 0.79% (79 basis points). Within this asset class, private equity had another strong year with a return of 19.64%, outperforming its benchmark of 15.88%. Absolute return underperformed its benchmark by 1.89% (189 basis points), with a return of 3.26%.

Investment returns exceeded the assumed rate of investment return for the second year in a row, with returns exceeding the assumed rate of return in three of the last five years. The system as a whole outperformed its policy benchmark by 0.46% (46 basis points). Total system return for fiscal 2014 through 2018 is 7.15%, which is 0.43% (43 basis points) above the plan return benchmark for that period.

Board Requested Legislation

Maryland Pension Administration System– Notarization

One of the goals of the Maryland Pension Administration System (MPAS) is to allow members to complete necessary retirement forms online, including a form that allows a participant to designate a beneficiary. Currently, the law requires that designation of beneficiary forms be notarized prior to submission to the State Retirement Agency (SRA). As MPAS moves into its last phase, notarization of designation of beneficiary forms that are completed online will not be possible. The Board of Trustees for the SRPS recommended amending this provision of law to eliminate the requirement that designation of beneficiary forms be notarized. For forms completed online, other electronic identifying features will be put in place to authenticate the identity of the member completing the form. For designation of beneficiary forms that continue to be submitted in writing to SRA, the board's regulations will still require notarization.

The joint committee will sponsor the requested legislation.

MPAS – Certification and Payment of Member Contributions

Current law states that as each payroll is paid, participating employers are required to submit both member contributions and payroll data supporting these contributions to SRA. However, the contributions and data are not required to be submitted simultaneously. The law provides for a five-day window between when a participating employer submits the member contributions and when the supporting data follows. SRA indicates that often member contributions do not match payroll data, which can be attributable to members withdrawing or dying in the intervening period between when the member contributions and payroll data are submitted. SRA indicates that member contributions are not accepted until they are reconciled to

the payroll data. This creates administrative burdens on staff to work with the participating employer to resolve discrepancies.

One of the features of MPAS will be to accept member contributions and payroll data simultaneously. The board recommended the current law be amended to remove the lag time of five days between submitting member contributions and payroll data and instead require participating employers to submit both components simultaneously.

The joint committee will sponsor the requested legislation.

Alternate Contributory Pension Selection – Vesting

An individual who vested as a member of the Alternate Contributory Pension Selection (ACPS) of the Employees' or Teachers' Pension System (EPS or TPS) before July 1, 2011, and then leaves membership for any length of time, may resume membership in ACPS (if the member returns to a position that is eligible for participation in ACPS). However, a deferred vested member who vested in the ACPS after July 1, 2011, is required to join the Reformed Contributory Pension Benefit (RCPB) tier of the EPS or TPS if the member has a break in service of more than four years. To allow for consistency in dealing with all deferred vested members in ACPS, the board recommended legislation that would allow *all* ACPS deferred vested members to re-enter ACPS, regardless of the length in the break in service.

The joint committee will sponsor the requested legislation.

Workers' Compensation Offset

Current law generally prevents a member of SRPS who is receiving both a workers' compensation award and a disability retirement allowance from recovering twice for the same injury. Section 29-118 of the State Personnel and Pensions Article requires the board to reduce an accidental or special disability retirement benefit by any related workers' compensation benefit paid during the same period. Under § 9-610 of the Labor and Employment Article, a workers' compensation award to an employee of a government unit or quasi-public corporation is offset by the amount of similar disability payments that are not subject to an offset under § 29-118 of the State Personnel and Pensions Article. If an individual receives a workers' compensation award and an ordinary disability retirement, the workers' compensation award is offset; if an individual receives a workers' compensation award and a line-of-duty disability retirement, the disability retirement is offset.

The offset arrangement governing offsets and reductions for workers' compensation and disability retirements is complicated and has resulted in a process that is disjointed and sometimes inconsistent in application. SRA indicates it can be especially complicated when the agency retroactively awards a line-of-duty disability after the retiree has begun receiving an ordinary disability and has been subject to an offset on the workers' compensation award by the amount of

the ordinary disability. In these instances, the individual is subject to having the same offset taken twice.

The board proposed two options for consideration.

- Require the Workers' Compensation Commission (WCC) to modify its award and unwind any employer offset for a retiree who has been subject to an employer offset to the retiree's workers' compensation benefit as a result of also receiving an ordinary disability benefit that is later converted to a line-of-duty disability benefit; or
- Require SRA to reduce the offset to a line-of-duty disability benefit to reflect any offset awarded to an employer by the WCC for the ordinary disability benefit.

The joint committee will sponsor legislation to require SRA to reduce an offset to a line-of-duty disability benefit to reflect any offset by the Workers' Compensation Commission for an ordinary disability benefit.

Purchase of Eligibility Service by EPS Members

Chapter 618 of 2006 (HB 1430) clarified that under federal law a member of EPS may only purchase up to five years of eligibility service as a postsecondary school teacher. During the 2006 legislative session, the bill was amended and provisions in the original bill regarding this limitation of purchasing eligibility service mistakenly remained. The original language that remained in Chapter 618 inadvertently negates the purchase limitations added through Chapter 618 and other purchase limitations that were already in the law prior to 2006. The board recommended correcting this section of law addressing purchases of eligibility service credit.

The joint committee will sponsor the requested legislation.

Optional Retirement Program – Regulations

Title 30 of the State Personnel and Pensions Article establishes the Optional Retirement Program and provides that the board shall adopt regulations that are necessary to carry out the title. The requirement for regulations was included in Chapter 423 of 1993. Chapter 423 expanded the number of companies that could provide annuity contracts to participants from one to five. Since the passage of Chapter 423, federal regulations require a 403(b) plan to be maintained pursuant to a written plan document that must comply in form and operation with the requirements of the Internal Revenue Code and regulations. The board has adopted a plan document to carry out the provisions of Title 30. The board requested legislation to require the board to adopt and maintain a written plan document, and to permit – but not require – the adoption of regulations to implement the title.

The joint committee will sponsor the requested legislation.

State Police Retirement System – Reemployment

The board has noted that certain provisions governing the reemployment of retirees of the State Police Retirement System (SPRS) are not a model of clarity. The board recommended nonsubstantive legislation to clarify these provisions.

The joint committee will sponsor the requested legislation.

Unused Sick Leave – Local Employer Cash Outs

Under current law, a member of the Employees' or Teachers' Retirement System (ERS or TRS), EPS, or TPS may receive additional service credit at the time of retirement for any unused sick leave the individual has accrued over the course of the individual's career with the State (this credit may not be used to qualify for retirement). As pension law allows an individual to convert unused sick leave to service credit, the State does not offer cash payments for this time. However, a number of participating employers, including boards of education, libraries, and community colleges that participate in TRS or TPS do provide payment for some portion of a retiring member's unused sick leave. Those employers that pay for unused sick leave at retirement also certify and include that paid leave in the total days of unused leave reported to SRA for additional service credit.

This issue was brought before the joint committee during the 2007 interim as board requested legislation to prohibit the receipt of unused sick leave credit to the extent that a member has received a cash payout for the unused sick leave. The joint committee agreed to sponsor the legislation during the 2008 session. However, both bills were withdrawn prior to any committee votes. The agency's most recent legislative audit findings referenced the inclusion of sick leave as service credit when compensation is provided for the sick leave. Due to this audit finding, the board recommended legislation to require days reported for unused sick leave should only be those days for which the retiring employee was not compensated.

The joint committee will not sponsor the requested legislation.

Unused Sick Leave – EPS Members Required to Join the Correctional Officers' Retirement System

Legislation during the 2016, 2017, and 2018 sessions requires certain members of the EPS and ERS to be moved into the Correctional Officers' Retirement System (CORS). The affected members, after being moved into CORS, have the option to transfer their EPS/ERS service into CORS. Those who elect not to transfer may receive two benefits at retirement – an EPS/ERS benefit based on their previous service and a CORS benefit, if they vest after being moved.

Current law provides that at retirement a member is entitled to receive creditable service for unused sick leave if the member retires on or before 30 days after the member is separated from employment. Therefore, a member who has been moved to CORS would not be eligible for

unused sick leave in EPS because he or she will not be retiring from EPS directly upon separation from service. Current law also provides that a member may not accumulate more than 15 days of sick leave per year in the system from which the member is retiring. Therefore, if the total number of days of unused sick leave earned by the employee exceeds 15 days per year of service in the member's current plan, the member does not receive credit for any additional unused sick leave. This typically results in the forfeiture of all or most of the leave earned while a member of the former plan.

The 2016 to 2018 legislation did not address the issue of unused sick leave, and the board believes this was an oversight. The board notes that legislation was passed in 2013 addressing a similar situation when members were being promoted out of CORS into EPS. The 2013 legislation was drafted specifically to protect the unused sick leave of those individuals who were promoted out of CORS into EPS, but who did not elect to transfer their CORS service into EPS. The board recommended similar legislation to preserve unused sick leave for individuals affected by the 2016, 2017, or 2018 legislation that required an individual to move from EPS into CORS.

The joint committee will sponsor the requested legislation.

Rescission of Designated Beneficiary Change

Section 21-404 of the State Personnel and Pensions Article allows retirees of the several systems (except for retirees of the Judges' Retirement System) to change their designated beneficiary at any time after they have retired. Retirees who opt to change their designated beneficiary have their allowance recalculated based on the value of the balance in the retiree's annuity reserve and pension reserve when the change is made. A change to the designated beneficiary will almost always result in a lower monthly benefit to the retiree. In light of this, SRA's practice has been to allow for a rescission of this change up until the first monthly payment following the change. This follows numerous correspondence between the agency and the retiree intended to ensure the retiree comprehends the reduction that will occur as a result of the change in beneficiary. However, SRA reports that many retirees continue to be taken aback once they received their first benefit check under the change and see the reduction resulting from the change in designated beneficiary. SRA reports contact from retirees stating that they did not understand what was communicated to them and that they cannot support themselves on the revised monthly benefit.

To address this issue, the board recommended legislation that would allow retirees to rescind their prior designated beneficiary change if they notify the board, in writing, before the second payment due date following the month that the revised retirement benefit becomes due. The board additionally recommended that a rescission only be allowed if the newly designated beneficiary is alive at the time that the rescission is requested.

The joint committee will sponsor the requested legislation, but noted the oversight committees may reexamine the need for prohibiting a rescission when the newly designated beneficiary has died.

Employees', Teachers', and Correctional Officers' Active Death Benefit

If an active member of EPS or TPS dies after reaching age 55 with at least 15 years of service or after accruing 25 years of eligibility service, regardless of age, the member's spouse may elect to receive a survivorship benefit equal to what the member would have received, had the member been retired at the time of death and selected Option 2 (a 100% joint and survivor allowance, subject to an actuarial reduction). Spouses of deceased active members of ERS, TRS, and CORS are entitled to a similar benefit if the active member dies after reaching age 55 with at least 15 years of service. Additionally, spouses of deceased active members of EPS, ERS, TPS, TRS, or CORS may elect to receive this death benefit if, at the time of death, the member was eligible to retire from the member's system.

The provisions governing death benefits for active members of SPRS and the Law Enforcement Officers' Pension System (LEOPS) provide that if an active member of either of these systems dies with at least two years of eligibility service, regardless of age, the surviving spouse of the member shall receive an allowance equal to 50% of the member's average final compensation. If there is no surviving spouse, or if the surviving spouse dies, the benefit is paid to any children who are disabled or are under the age of 26. A surviving child who is disabled, may receive this benefit as long as the child is disabled, regardless of age. SPRS and LEOPS also provide that if there is no surviving spouse or minor or disabled child, the benefit may be paid to the member's dependent parents. Similar active death benefits are paid to spouses and minor children of deceased members of the Judges' Retirement System.

EPS, ERS, TPS, TRS, and CORS do not extend the Option 2 active death benefit to minor children of the deceased active members. The board noted that this may have been an oversight when extensive updates were enacted recently by the legislature for all death benefit provisions and recommended the joint committee consider extending the active death benefit to children of deceased active members.

The joint committee will sponsor legislation extending the active death benefit to children of deceased active members.

Modification of Municipal Pension Surcharges

The 2011 pension reform revised the benefit provisions and employee contribution rates for the SRPS Municipal Employees' Combined System. The 2011 reforms caused the pooled employer cost to decrease by about 2% of pay. Most of that decrease was due to the increase in employee contribution rates for the ACPS participants, from 5% to 7%. Participating governmental units (PGU) with participants subject to the Non-Contributory Pension Benefit (NCPB) or the Employees' Contributory Pension Benefit (ECPB) (nine employers total) benefitted from the decrease in employer contributions although there was no offsetting increase in employee contributions from their NCPB and ECPB participants. This resulted from a provision in the 2011 reform that exempted these nine employers from having to participate in RCPB, as that would have resulted in an increase in benefits and liabilities.

The board recommended a surcharge of 2% of pay for each of the nine employers participating in NCPB or ECPB. Because of the impact on these nine PGUs, the board has also recommended that any legislation provide for a five-year phase-in, beginning with the December 2020 billing.

The joint committee decided to hold the requested legislation so that more detailed information on the impacts of the legislation can be obtained.

Reopening Disability Claims

SRA has reported several instances where shortly after a member of the several systems has been awarded a disability retirement benefit, staff has learned of information indicating that the individual was not eligible for the benefit. In one instance, after granting a disability benefit, SRA learned of an administrative determination by the former employer that the applicant acted with willful negligence during the occurrence of the disabling incident. In another instance, after awarding a disability retirement, SRA learned that the applicant had accepted a higher paying job in the same field while the applicant was applying for a disability retirement. However, current provisions of the State Personnel and Pensions Article do not explicitly address the board's authority when presented with such facts.

The board recommended legislation that would provide the board with express statutory authority to reopen and reevaluate a disability award when the agency receives information, post-award, that the retiree may have been ineligible for the benefit at the time of the award. The Department of Legislative Services notes that any legislation would need to address processes and procedures for exercising such authority.

The joint committee will not sponsor the requested legislation.

Queen Anne's County Joining CORS

Legislation enacted in 2017 requires the board to make recommendations to the joint committee when it determines that a governmental unit seeking to join EPS, CORS, or LEOPS would need legislation to be able to become a PGU. Queen Anne's County is seeking to move its correctional officers from EPS to CORS. Since the EPS employee contribution rate is different from the CORS contribution rate, the board determined that legislation will be needed to address the status of existing employees that will remain employed as correctional officers after Queen Anne's County moves them into CORS.

The joint committee will leave sponsorship of the requested legislation to the local legislative delegations.

Additional Topics

Briefing on Maryland Transit Administration Pension Plan

During the 2018 session, concerns were raised regarding the underfunding of the Maryland Transit Administration (MTA) pension plan, which provides a defined benefit for unionized workers. In fiscal 2017, the MTA pension plan had a funded ratio of only 40.9%, and MTA budgeted only 70.9% of the actuarially determined contribution. These concerns led to a request in the 2018 *Joint Chairmen's Report* for MTA to brief the joint committee on the features of the MTA pension plan, the actions that MTA intends to take to improve the funded status of the pension plan, and a projected timeline for the actions. The briefing request recognized that oversight of the MTA pension plan is complicated by the need to negotiate changes to the plan with the unions and that binding arbitration provisions present additional challenges. The State would lose a significant amount of federal transit funds if the State took away the right of MTA employees to collective bargaining with binding arbitration.

Key features of the MTA pension plan include a 5-year or a 7-to 10-year vesting period, depending on date of hire; a 1.7% multiplier regardless of date of hire; cost-of-living adjustments (COLA) tied to the Consumer Price Index (CPI) (but no greater than 3.0%); average final compensation that includes up to 2,392 hours of overtime each year; normal retirement age of 52 with 30 years of service or age 65 and fully vested; 2.0% employee contribution; and binding arbitration. In contrast, State employees hired on or after July 1, 2011, who are in the EPS have a 10-year vesting period, a 1.5% multiplier, and normal retirement age is 65 with 10 years of service or the employee's years of service and age must equal at least 90. State employees, regardless of date of hire, have COLA adjustments tied to the CPI, but not greater than 2.5%, or not greater than 1.0% if the fund's return is less than the actuarially assumed return; average final compensation does not include overtime; and the employee contribution is 7.0%.

MTA briefed the joint committee on the actions it intends to take to improve the funded status of the pension plan. MTA plans to increase employee contributions from 2.0% to 4.0%, effective July 1, 2019, from 4.0% to 6.0%, effective July 1, 2021, and from 6.0% to 7.0%, effective July 1, 2023. During the years employee contributions would increase, MTA would match the increased employee contribution dollar for dollar. Beginning in fiscal 2025 under the proposed changes, MTA's contribution is assumed to increase 1.5% per year until the plan reaches 100% funding. MTA projects that the pension plan would be 70% funded by 2027 and 100% funded by 2034. Once the plan is fully funded, MTA would contribute the actuarially determined contribution each year.

The joint committee will continue to monitor the financial health of the MTA pension plan. The joint committee is hopeful that actions to improve the funded status of the MTA pension plan will be implemented soon.

**Joint Subcommittee on
Program Open Space and Agricultural Land Preservation**

Spending Affordability Committee

**Maryland General Assembly
Spending Affordability Committee
2018 Interim
Membership Roster**

**Delegate Ben Barnes, Presiding Chair
Senator Roger Manno, Senate Chair**

Senators

James E. DeGrange, Sr.
George C. Edwards
J. B. Jennings
Edward J. Kasemeyer
Nancy J. King
Richard S. Madaleno, Jr.
Nathaniel J. McFadden
Thomas M. Middleton
Thomas V. Mike Miller, Jr.
Douglas J. J. Peters

Delegates

Wendell R. Beitzel
Michael E. Busch
C. William Frick
Tawanna P. Gaines
Sheila E. Hixson
Adrienne A. Jones
Anne R. Kaiser
Nicholaus R. Kipke
Maggie McIntosh
Kirill Reznik

Citizens Advisory Committee

John L. Bohanan
Dana M. Jones

Committee Staff

Rebecca J. Ruff



MARYLAND GENERAL ASSEMBLY
SPENDING AFFORDABILITY COMMITTEE

December 19, 2018

The Honorable Thomas V. Mike Miller, Jr., Co-Chairman
The Honorable Michael E. Busch, Co-Chairman
Members of the Legislative Policy Committee

Dear Colleagues:

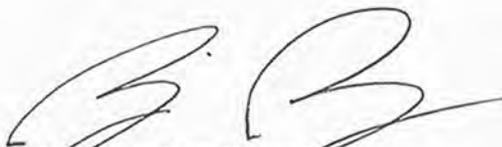
We are pleased to submit the fiscal policy recommendations of the Spending Affordability Committee made during the 2018 interim. These recommendations were adopted by the committee at its meeting on December 18, 2018. The committee reviewed data concerning the economic condition of the State, revenue and expenditure trends during the past several years, personnel data, the Transportation Trust Fund, and the results of the Capital Debt Affordability Committee report.

Recommendations were made concerning the fiscal 2020 spending limit, the use of general fund cash balances, reserve fund balances, capital debt limits and the reporting requirements for the Capital Debt Affordability Committee, and State positions.

The Spending Affordability Committee has completed its assigned tasks. As required by law, the recommendations of the committee have been submitted to the Governor and the Legislative Policy Committee.

We are most appreciative of the time and effort expended by each member of the committee. A special note of thanks and appreciation is extended to the members of the Citizens Advisory Committee for their valuable assistance and input.

Sincerely,



Delegate Ben Barnes
Presiding Chair



Senator Roger Manno
Senate Chair

BB:RM/RJR/mrm

Enclosure

2018 Spending Affordability Committee Report and Recommendations to the Governor and the Legislative Policy Committee

The Spending Affordability Committee was created in 1982 (Chapter 585). The committee is composed of equal numbers of senators and delegates and includes the Presiding Officers, the majority and minority leaders, the chairmen of the fiscal committees (or their designees), and other members appointed by the Presiding Officers. A citizen advisory committee assists the committee.

The committee's primary responsibility is to recommend to the Governor and the General Assembly a level of spending for the State operating budget that is reflective of the current and prospective condition of the State's economy. Historically, this has been in the form of a recommended growth limit. More recently, however, efforts to close the structural budget gap have been the focus of the committee's recommendations. The full list of the committee's prior recommendations and legislative action on the operating budget are reflected in the table in **Appendix 1**. Since its inception 35 years ago, the recommendation of the committee has been adhered to by the legislature in all but 1 year.

Often, growth in personal income is used as a proxy for the State's economic performance. The committee notes that operating spending in relation to the State's economy, as measured by the personal income statistic, has fluctuated between 6.7% and 7.6% over the past 30 years. The unprecedented increases under the Bridge to Excellence in Public Schools Act raised spending as a percentage of income during the period of 2004 to 2008. By 2009, the ratio reached 7.5%, the highest level since 1991, in part, due to falling income. Conversely, rising income and reduced State spending caused the ratio to drop to 7.1% in 2010; the rate has fluctuated between 7.1% and 7.5% since.

The committee's statutory responsibility is to consider spending in relation to the State's economy. In its review of the State's economy, the committee considered income and wealth factors in developing a broad understanding of Maryland's economic position. In determining the spending recommendation, the committee has considered economic performance, revenue estimates, and current and future budget requirements.

Economy

Since the recession ended, Maryland has generally underperformed relative to the nation as a whole with employment growth below the United States in each year from 2011 to 2017. Payrolls increased by less than 1% in both in 2013 and 2014 but accelerated to 1.5% in 2015. The increase, while slower than the U.S. growth, reflects the strongest employment growth in the State since 2005. In 2016, economic growth slowed slightly, but the gap between Maryland and the national economy narrowed. The improvement did not continue in 2017. Maryland employment growth further decelerated to 1.0%, and the rate of growth slowed substantially over the course of

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2017. The data available for 2018 shows employment growth of 0.8% through the first 10 months of the year. Wage income grew 3.6% in the first half of 2018.

In September, the Board of Revenue Estimates (BRE) issued a revised economic forecast for Maryland, its first since March 2018. BRE revised the economic outlook largely in line with recent performance. Employment growth for 2018 was revised down slightly from 0.8% to 0.7%, and 2019 was increased from 0.5% to 0.8%. In December 2018, BRE took 2018 employment growth back to 0.8% but made no other changes to its employment forecast. The 2018 estimated personal income growth was increased from 3.6% to 3.7% due mostly to revisions of non-wage income.

Revenues

Fiscal 2018 general fund revenues were above the estimate by \$339 million, or 2.0%. General fund revenues totaled \$17.4 billion in fiscal 2018, an increase of 4.0% over fiscal 2017. The overattainment was due mostly to the personal income tax, the insurance premiums tax, and the sales tax. General fund personal income tax revenues were above the estimate by \$218.7 million and grew 5.4% over fiscal 2017.

Fiscal 2019 general fund revenues through October are up 3.0% over fiscal 2018, with ongoing revenue up 5.1%. In September, BRE increased their estimate for fiscal 2019 general fund revenues by \$331.6 million, or 1.9%. The personal income tax estimate was revised up by \$177.8 million. In December, BRE reduced the general fund estimate for fiscal 2019 by \$18.4 million, or -0.1%, in light of the revised economic assumptions and the year-to-date performance. BRE lowered their general fund revenue estimate for fiscal 2020 by \$55.3 million (0.3%).

Budget Requirements

Taking into consideration the revenue projections by BRE in December 2018, the committee is currently projecting an ending general fund balance of \$776.4 million at the close of fiscal 2019. This projected balance reflects a larger than anticipated fiscal 2019 starting balance driven by stronger than anticipated revenue attainment as well as minimal anticipated spending shortfalls requiring fiscal 2019 general fund deficiency appropriations of \$35.5 million.

Significant deficiencies include fiscal 2018 shortfalls for Medicaid due to lower than budgeted special fund attainment that are anticipated to carry forward into fiscal 2019; longstanding liabilities in the Developmental Disabilities Administration (DDA) related to disallowed federal fund claims; anticipated fiscal 2019 salary enhancements that were not included in the fiscal 2019 budget; and growth in certain mandates and entitlements, notably Medicaid substance use disorder treatment costs. However, the overall level of projected deficiency needs is significantly tempered by projected fiscal 2019 surpluses in the Department of Public Safety and Correctional Services (DPSCS) through turnover savings despite the need for higher overtime, favorable enrollment and service delivery trends in Medicaid, and favorable per diem placement trends in the Department of Juvenile Services.

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The baseline estimate for fiscal 2020 projects general fund growth of 7.8% over fiscal 2019 when capital and reserve fund appropriations are included, 4.6% excluding capital and reserve fund appropriations. The fiscal 2020 general fund ending balance is projected to be \$122.8 million.

Outside of capital and reserve fund appropriations that grow by \$37.5 million and \$528.4 million, respectively, general fund budget growth includes \$339.5 million in aid to local governments, an increase of 5.4%, of which \$313.5 million is for education and library aid. Included in the growth in education and library aid is \$125.0 million to supplement education funding as approved by voter referendum in November 2018. Entitlement growth is anticipated at \$174.4 million, or 4.7%, \$165.0 million of which is in the Medicaid program. Growth in Medicaid is driven by statutory changes to the federal matching rate for the Affordable Care Act expansion and Maryland Children's Health Program populations, modestly higher enrollment levels, provider rate increases, and a decline in available special fund revenue.

In terms of State agency spending, the baseline assumes \$328.6 million in general fund growth. Personnel costs, excluding higher education, account for \$121.3 million of this growth. The baseline assumes a 1% general salary increase for fiscal 2020 effective July 1, 2019, with a general fund cost of \$23.1 million, plus regular increment increases totaling \$42.1 million. The baseline also annualizes fiscal 2019 general salary increases at a cost of \$31.4 in general funds.

Other significant State agency costs include general fund support for the University System of Maryland (USM) to cover growth in base costs (primarily for personnel) not supported by tuition and Higher Education Investment Fund revenue (\$129.5 million), rate increases and placement costs in DDA (\$43.9 million), and funding for legislation passed in the 2018 session (\$41.4 million). These increases are partially offset by expected declines in spending, most significantly on the inmate medical contract in DPSCS (\$12.9 million), mandated operating support for the University of Maryland Capital Region Medical Center (\$12.0 million), and one-time Sunny Day support for Amazon (\$10.0 million).

The committee projects that the State will close fiscal 2020 with a balance of \$1,369.7 million in the Revenue Stabilization Account (Rainy Day Fund), which represents 7.4% of general fund revenues. The statutorily mandated appropriation for fiscal 2020 will be \$537.7 million.

Current baseline projections estimate the General Fund to have a cash balance of \$122.8 million at the close of fiscal 2020 and a slight structural shortfall of \$18.9 million. As shown in **Exhibit 1**, which provides both the cash and structural balance projections for the General Fund through fiscal 2024, the picture is forecasted to deteriorate beyond fiscal 2020.

Exhibit 1
General Fund Budget Outlook
Fiscal 2019-2024
(\$ in Millions)

	<u>2019</u> <u>Working Approp.</u>	<u>2020</u> <u>Baseline</u>	<u>2021</u> <u>Est.</u>	<u>2022</u> <u>Est.</u>	<u>2023</u> <u>Est.</u>	<u>2024</u> <u>Est.</u>
Cash Balance	\$776	\$123	-\$321	-\$1,150	-\$1,386	-\$1,471
Structural Balance	406	-18	-664	-1,024	-1,281	-1,368

Recommendations

In light of the considerations discussed earlier, the committee proposes the following recommendations for the 2019 session:

1. Operating Budget Spending Limit and Sustainability

The spending affordability process was put in place in 1982 with the goal of calibrating the growth in State spending to growth in the State's economy. In implementing that objective, a unique method of classifying and accounting for State spending was developed and has been periodically revised as circumstance has required. For the past several years, the traditional establishment of a growth limit has been replaced with recommendations to reduce the structural deficit that developed as a result of plummeting revenues, substantial short-term federal assistance, and extensive reliance on one-time budget balancing actions experienced in the first part of the past decade.

Significant efforts have been undertaken since fiscal 2011 to close the structural imbalance. Most recently, improved revenue projections, coupled with slower expenditure growth, have created a short-term favorable fiscal position for the State. However, long-term stresses still exist that create a sizeable imbalance in the out-year forecast for the General Fund, even before accounting for any recommendations from the Commission on Innovation and Excellence in Education. Although a cash surplus and minimal structural shortfall are projected for fiscal 2020, current estimates indicate the structural deficit of \$664 million in fiscal 2021 growing to almost \$1.4 billion by fiscal 2024. Ongoing operating spending growth is forecast to outpace revenue growth by 1.6 percentage points annually.

As such, the committee recommends that the fiscal 2020 general fund budget maintain structural balance and that appropriations subject to the spending affordability limit shall be limited to growth of no greater than 3.75% over those approved at the 2018 session. This level of growth provides for a spending increase of \$1,019 million over the previous session's spending. In addition, the committee recommends that, with the exception of actions taken

on the recommendations of the Commission on Innovation and Excellence in Education, the General Assembly minimize the impact of legislation passed at the 2019 session on the structural deficit forecast for fiscal 2021 and subsequent years.

2. Fund Balances

The committee anticipates that achievement of structural balance in fiscal 2020 will result in a closing general fund balance well in excess of \$100 million and a Rainy Day Fund balance of \$1,370 million, which is 7.3% of ongoing general fund revenues. With large structural budget deficits forecast for subsequent years, some respected economic forecasters predicting a recession within the next two years, and the Commission on Innovation and Excellence in Education expected to recommend significant new ongoing investments in education, the State faces substantial out-year budget challenges. **To help mitigate these challenges, the committee recommends that the Governor and General Assembly prioritize the preservation of cash reserves at the 2019 session. To achieve this goal, the committee recommends:**

- **a minimum ending fiscal 2020 general fund balance of \$100 million;**
- **a Rainy Day Fund balance of at least 6.0% of general fund revenues; and**
- **the allocation of any remaining cash balances to reserves and one-time spending.**

3. Capital Budget

A. General Obligation Debt

In its 2018 report, the Capital Debt Affordability Committee (CDAC) recommended limiting general obligation (GO) bond authorizations to \$995 million each year through fiscal 2024. This is consistent with the recommendation made by CDAC in each of its 2015 through 2017 reports with the purpose of slowing the growth in debt service costs and preserving additional debt capacity for the future.

Although the CDAC recommendation is advisory and the committee has differed in its recommendation in recent years, the committee does support the CDAC debt affordability criteria, which limits debt service to 8% of State revenues and debt outstanding to 4% of State personal income. The committee also supports the objective to slow the growth in debt service costs and reduce the debt service to revenue ratio. The committee remains concerned, however, that the CDAC recommendation to freeze authorizations through fiscal 2024 will make it difficult for the State to fund the capital infrastructure investments already programmed in the CIP due to recent increases in construction inflation.

The CDAC debt affordability objectives can be achieved while providing an increase in new GO bond authorizations to account for construction inflation. In each of the last three years, the committee has recommended increasing the authorization for the planning period by 1% annually. This 1% annual growth rate would equate to an authorization level of \$1,085 million for

the 2019 session. This moderate growth rate limits increases in GO bond authorizations to projected State property tax revenue increases. Since general funds and other State revenues are projected to increase at an annual rate in excess of 1%, this reduces the ratio of debt service to revenues in the out-years.

The committee recommends the authorization of \$1,085 million in new GO bonds for the 2019 session. In addition, for planning purposes, out-year annual authorizations should be limited to 1% growth so that capital spending does not increase at a greater rate than State property tax revenue, which is the primary revenue source supporting debt service. The proposed limit keeps the State well within the CDAC debt affordability criteria. The committee further recommends the prudent use of general fund PAYGO, particularly for programs and projects that would require the issuance of more expensive taxable bonds, to supplement the capital program while maintaining a limit on the growth in GO bond authorizations.

The committee also recommends that the State conduct a comprehensive assessment of the condition of State facilities. For many years, the State has relied on self-reporting by State agencies to evaluate the State's facility renewal and facility maintenance needs. The application of uniform criteria and established asset management best practices by trained staff would provide the Governor and General Assembly with much needed insight into the actual facility maintenance and renewal needs at State facilities as well as identify facilities that are near or past their useful life.

B. Higher Education Debt

USM intends to issue up to \$34 million in academic debt for fiscal 2020. This is \$10 million more than was authorized for fiscal 2019 but is consistent with the amount programmed in the 2018 CIP for fiscal 2020. This level of issuance will result in a debt service ratio within the 4.5% of current unrestricted funds and mandatory transfers criterion recommended by the system's financial advisers.

The committee concurs in the recommendation of CDAC that \$34 million in new academic revenue bonds may be authorized in the 2019 session for USM.

C. Debt Affordability Committee Report

Under current law, CDAC is required to submit its recommendations to the Governor and General Assembly on or before October 1 of each year. In addition to its review of debt, the committee's analysis requires careful consideration of State revenues. BRE generally issues its official revenue estimates late in September each year. The State Treasurer's Office (STO) is concerned that the timing of the board's approval of the revenue estimates leaves little time for the debt affordability analysis to be completed. Discussions between the Department of Legislative Services, STO, the State Comptroller's Office, and the Department of Budget and Management (DBM) concluded that extending the deadline to October 20 is reasonable. **The Spending Affordability Committee recommends the adoption of legislation at the 2019 session to extend the CDAC deadline to no later than October 20.**

4. State Employment

Personnel costs comprise almost 20% of the State's operating budget. The committee expects a State workforce of 80,932 in fiscal 2020, 642 more positions than in fiscal 2007, the year prior to the start of the economic recession. The increase primarily reflects positions created at institutions of higher education, which increased by almost 4,000 positions to 26,770 over the time period. In comparison, the State's Executive Branch workforce has declined by an almost equal amount from 53,364 in fiscal 2007 to an anticipated 49,360 in fiscal 2020. During this time period, the Judicial Branch increased by 653 positions to an expected total of 4,051 positions in fiscal 2020.

Since the economic recession in fiscal 2008, there has been a steady increase in vacant positions in Executive Branch agencies, despite cost containment actions to abolish vacant positions. Vacancies increased by 659 positions over the course of the past year, from 5,300 positions in October 2017 to 5,959 positions in October 2018 (increasing the Executive Branch vacancy rate from 10.7% to 11.2%, respectively). The committee is concerned that a significant number of these vacancies are within agencies that have been identified as chronically understaffed. In particular, vacant positions within DPSCS increased by 503, bringing the agency's total vacancies to 2,253, or 21.6%. Correctional officers account for 57% of those vacant positions.

The committee is concerned that a number of critical classes of positions in State agencies are understaffed, such as correctional officers, which could adversely impact public safety and care for vulnerable populations. **Given the high vacancy rate in DPSCS, the committee recommends that DBM authorize a one-grade increase for correctional officer salaries in order to improve recruitment and retention. The committee continues to encourage the Governor to act expeditiously to fill positions in understaffed agencies and work to remove hiring barriers for positions with recruitment and retention difficulties.**

2018 Spending Affordability Committee Report

Appendix 1
Prior Recommendations and Legislative Action on the Operating Budget
(\$ in Millions)

<u>Session Year</u>	<u>Committee Recommendation</u>		<u>Legislative Action</u>	
	<u>Growth Rate</u>	<u>Amount</u>	<u>Growth Rate</u>	<u>Amount</u>
1983	9.00%	\$428.0	5.70%	\$269.8
1984	6.15%	326.7	8.38%	402.0
1985	8.00%	407.2	7.93%	404.6
1986	7.70%	421.5	7.31%	402.2
1987	7.28%	430.2	7.27%	429.9
1988	8.58%	557.5	8.54%	552.9
1989	8.79%	618.9	8.78%	618.2
1990	9.00%	691.6	8.98%	689.7
1991	5.14%	421.8	5.00%	410.0
1992	No recommendation		10.00%	823.3
1993	2.50%	216.7	2.48%	215.0
1994	5.00%	443.2	5.00%	443.2
1995	4.50%	420.1	4.50%	420.0
1996	4.25%	415.0	3.82%	372.8
1997	4.15%	419.6	4.00%	404.6
1998	4.90%	514.9	4.82%	506.6
1999	5.90%	648.8	5.82%	640.6
2000 ¹	6.90%	803.0	6.87%	800.0
2001 ²	6.95%	885.3	6.94%	884.6
2002	3.95%	543.2	3.40%	468.1
2003	2.50%	358.2	0.94%	134.1
2004	4.37%	635.2	4.33%	629.0
2005 ³	6.70%	1,037.1	6.69%	1,036.3
2006 ³	9.60%	1,604.7	9.57%	1,599.0
2007	7.90%	1,450.0	7.51%	1,378.4
2008	4.27%	848.7	4.16%	826.8
2009 ⁴	0.70%	145.7	0.19%	39.2
2010 ⁴	0.00%	0.0	-3.00%	-626.9
2011	Reduce FY 2012 structural deficit by 33⅓%		36.90%/46.00% ⁵	
2012	Reduce FY 2013 structural deficit by 50.0%		50.60%	
2013	Reduce FY 2014 structural deficit by \$200.0 million		-211.2	
2014	4.00%	937.8	2.76%	646.4
	Reduce FY 2015 structural deficit by \$125.0 million		-126.1	
2015	Reduce FY 2016 structural deficit by 50.0%		68.27%	
2016	4.85%	1,184.2	4.55%	1,111.2
2017	Reduce FY 2018 structural deficit by at least 50%		90.19%	
2018	Eliminate 100% of the FY 2019 structural deficit		100%	

¹2000 legislative action does not reflect \$266 million of Cigarette Restitution Fund (CRF) appropriations. CRF dollars were excluded because it had not previously been available to the State. The 2000 growth rate, including CRF dollars, was 9.16%.

²Methodology revised effective with the 2001 session.

³The committee initially approved a limit of 5.70% for 2005 and 8.90% for 2006.

⁴Legislative action calculation includes federal funds under the American Recovery and Reinvestment Act of 2009 used in lieu of ongoing general fund spending.

⁵Spending reduction/total reduction.

Joint Committee on Unemployment Insurance Oversight

**Workers' Compensation Benefit and Insurance
Oversight Committee**

Special Committees – Senate of Maryland

Senate Special Committee on Substance Abuse

Special Committees – House of Delegates

House Special Committee on Drug and Alcohol Abuse
