

July 1, 2020 Board of Public Works – Budget Actions

“First Look, Same-Day” Analysis – DRAFT¹

FY 2021 Maryland Operating Budget total funding is \$47.95 Billion, with \$19.62 billion in General Funds, where most state revenue and tax collections are budgeted. The state’s Board of Public Works (BPW) proposed cuts and budget actions are \$1,455,170,489, or 3.03% of FY 2021 budget. The state’s fiscal outlook suggests this round of reductions may not be the only FY 2021 cuts made by BPW. Board of Revenue Estimates (BRE) projects a FY 2021 General Fund cash shortfall of \$2.4 billion to \$3 billion.

Cuts to investments in the education and career readiness of Maryland’s children and young adults account for \$515.8 million of the BPW actions, or 35.4%. State Aid to Public Schools is cut by \$200 million and investments in public school construction shrink by \$43 million, or 10% of overall FY 2021 school construction funding. Higher Education funding is cut by \$206,879,783, about 3.1% of total funding, with \$10.6 million in cuts to Independent Institutions, \$36.4 million in reduced Community College Aid, and \$149.6 million in cuts to state Higher Education Institutions.

Jeopardizing access to health care as well as any economic recovery during a pandemic, funding for Medicaid, Maryland Department of Health (MDH) provider rates, and other MDH items is cut by \$252,898,214, or 17.3% of total BPW budget actions. Medicaid funding is cut by \$152,172,244. \$83 million in additional provider rate cuts, nearly half of the money originally in the budget for rate increases, include \$22.3 million for behavioral health providers, \$26.5 million for providers serving individuals with developmental disabilities, and \$30.2 million for Medicaid providers. With a \$1 million cut for behavioral health crisis response grants, cuts to behavioral health services at this uncertain time are at least \$23.2 million.

Transfers of Special Funds and State Reserve Funds to the General Fund total at least \$187,683,691. In addition to the \$200 million cut in aid to public schools, Local Aid funds are cut by at least \$186,820,842, about 2% of total FY 2021 Local Aid, with an unallocated \$130 million reduction, \$27.7 million in cuts to Teacher Retirement Supplemental Grants, \$16.7 million in reductions to state share of cost sharing formula for assessments and taxation, and \$12.4 million reduced in Disparity Grants.

BPW cuts to state workforce compensation include \$107,668,265 in “temporary employee compensation reductions” across the executive, legislative and judicial branches. Eliminating salary reviews for some employees and COLA adjustments result in \$41,852,578 in cuts. Public Safety cuts total at least \$86,266,343, including \$35.7 million in reductions to the Department of Public Safety and Correctional Services; \$18.5 million cut to Department of Juvenile Services, or 6.8% of the DJS budget; and \$12.8 million cut from the State Police.

Housing and Community Development programs are cut by \$24.2 million, including \$12 million to Rental Housing and \$12 million to the National Capital Strategic Economic Development and the SEED Funds. Other Human Services cuts include \$3.1 million in Department of Human Services for foster care provider rates, \$2 million reduction to community services in the Department of Aging, and a \$1.4 million cut to YouthWorks and other youth apprenticeship programs. Total cuts to Natural Resources/Environment/Open Space are \$13.4 million, with \$6.2 million in cuts to Department of Natural Resources, \$5.3 million in reductions in the Department of Environment, and \$1.9 million in Department of Agriculture.

¹ Totals & Subtotals do not necessarily reflect all cuts in program area and are draft.

How Does BPW Cut \$1.45 Billion from the Budget?

BPW uses a combination of specified cuts to agency budgets, budget balancing actions and changes to the Budget Reconciliation and Financing Act, the bill used to balance the budget, as well as additional anticipated revenue.

BPW Agency Reductions	\$672,026,712
Additional Budget/Balancing Actions	\$119,008,265
Budget Reconciliation & Financing Act Actions	\$724,561,256
Additional Anticipated Revenue	\$1,269,318
Total – BPW Agency Reductions & Budget/BRFA Actions	\$1,455,170,489

BPW Agency Reductions	
General Funds	\$610,331,650
Special Funds	\$32,073,212
Federal Funds	\$29,621,850
Reimbursable Funds	\$3,397,041
Total Less Reimbursable	\$672,026,712

What Does BPW Cut from the Budget?

Early/K-12 Education/MSDE/Aid to Public Schools	\$308,929,323
MDH: Medicaid/Provider Rate Cuts/Other	\$252,898,214
Higher Education	\$206,879,783
Transfers to General Fund: Special Funds/State Reserve Fund	\$187,683,691
Local Aid	\$186,820,842
State Employee Compensation/COLA	\$152,025,255
Public Safety	\$86,266,343
Housing/Human Services	\$51,122,322

State Workforce

Temporary Employee Compensation Reduction	\$107,668,265
DBM – Eliminate Salary Reviews for some employees. Eliminate COLA for SLEOLA. Reduce portion of COLA	\$41,852,578
DBM: Other State Workforce Reductions	\$2,504,412

Early/K-12/Higher Education

MSDE – Reduce K-12 education aid	\$200,000,000
Reduce PAYGO for Healthy Schools & School Safety Funds	\$43,500,000
MSDE – Child Care Subsidy Program	\$5,000,000
K-12 Education/MSDE Subtotal (DRAFT)	\$308,929,323

FY 2021 appropriation for State Aid to Public Schools was \$6.46 billion, so \$200 million cut to state aid is 3.1% of total appropriation. FY 2021 budget had included \$430.9 million in total funding for public school construction, so \$43 million cut to PAYGO funds is 10% of total public school construction budget. Other MSDE cuts include:

MSDE - Juvenile Services Education Program	\$1,031,315
MSDE - Funding for Chesapeake Bay Foundation	\$437,341
MSDE - Teacher Development	\$724,000
MSDE - Reduce funding to State-Aided Institutions by 10%	\$607,043
MSDE - Reduce funding to Local Management Boards and to Baltimore Children and Youth Fund by 10%	\$2,155,919
MSDE - Other Reductions (Statewide Reductions)	\$53,623,705

Higher Education – MHEC & State Support for Higher Education Institutions – Total	\$206,879,783
MHEC – Sellinger Funds for Independent Institutions	\$10,599,991
MHEC – Cade Formula for Community Colleges	\$36,393,100
MHEC – Total	\$57,301,931
Higher Ed Institutions - University of Maryland System	\$117,302,869
Higher Ed Institutions – Morgan State University	\$8,979,480
Higher Ed Institutions – Baltimore City Community College	\$3,207,008
Higher Ed Institutions – St. Mary’s College	\$2,054,502
Higher Ed Institutions – Statewide Reductions	\$18,033,993
Higher Ed Institutions – Total	\$149,577,852

Health/Medicaid

MDH - Physician E&M Rates	\$4,140,000
Reduce general funds for Medicaid	\$100,000,000
Eliminate mandated 4% rate increase - Behavioral Health	\$22,203,423
Eliminate mandated 4% rate increase - Developmental Disability	\$26,507,537
Eliminate mandated 4% rate increase - Medicaid	\$30,212,402
MDH - Medical Care Provider Reimbursements	\$52,172,244
Subtotal - Medicaid & MDH Provider Rates (DRAFT)	\$235,235,606
MDH - Reduce grant to UMB/JHU for cancer research. Reduce funding to Advance Directives Fund	\$3,500,000
MDH - Level fund Behavioral Health Crisis Response Grants to local jurisdictions at FY 2020 level	\$1,000,000
Other MDH Reductions	\$13,162,608

FY 2021 Appropriation for Medicaid/MCHP was \$11.85 billion. FY 2021 budget originally included \$182.8 million in Medicaid/MCHP provider rate increases.

Local Aid

Local Aid Reductions	\$186,820,842
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SDAT - Modify State/Local cost share from 50/50 to 10/90	\$16,760,000
Unallocated Reduction to Local Governments	\$130,000,000
Disparity Grants	\$12,402,181
Teacher Retirement Supplemental Grants	\$27,658,661

Public Safety

DPSCS - Total	\$35,744,044
DJS - Total	\$18,532,189
State Police - Total	\$12,852,731
OPD - Total	\$6,214,785
OAG - Total	\$4,572,321
OSP - Total	\$66,612
GOCPYVS - Total	\$8,283,661
GOCPYVS - Baltimore City Crime Prevention Initiative	\$1,893,200
Public Safety - Subtotal (DRAFT)	\$86,266,343

Housing/Human Services

DHCD - Rental Housing	\$7,600,000
DHCD - Neighborhood Revitalization	\$200,000
DHCD - National Capital Strategic Economic Development & SEED Fund	\$12,000,000
DHCD - Rental Housing Works - Capital	\$4,400,000
DHCD Total	\$24,200,000

DHS - General Administration	\$8,538,875
DHS - Foster Care Provider Rate Reduction	\$3,096,020
DHS - Statewide Reductions	\$9,140,673
DHS Total	\$20,775,568

Department of Aging - Community Services	\$2,000,000
Department of Aging - Total	\$2,132,022

DOL - Reduce funding for YouthWorks, the Cadet Law Enforcement Apprenticeship Program and Apprenticeship Career Training Pilot Program	\$1,425,000
DOL - Total	\$4,014,642

Economic Development

Department of Commerce - Total	\$7,978,815
Maryland Technology Development Corporation	\$2,000,791

