

Governor's Fiscal Year 2014 Budget: What's In It For Kids Paying It Forward While Plugging Past Gaps

Executive Summary

Over the last few years, the state budget has included boosted funding to absorb the costs of the economic recession, to prepare for federal health care reform, and for increases in public education as well as robust bond support for school construction. On the other hand, slow revenue growth and economic uncertainty led to flat funding for other important programs serving Maryland families. While mostly closing the structural budget gap, The Governor's Fiscal Year (FY) 2014 Budget not only continues funding increases for education, health care expansion, and income support, but also increases investments in a broad range of programs and services, including residential placements for juvenile youth, services for Maryland's intellectually delayed children and youth, and new innovation funds for education. While still funded at more than \$335 million, support for public school construction drops by about \$60 million in the FY 2014 Capital Budget. In a victory for youth and advocates, the Capital Budget eliminates funding for a no-longer-planned youth jail in Baltimore City.

Governor's Fiscal Year (FY) 2014 Budget Overview

Benefiting from continuing revenue growth and more robust estimates of future revenue collections as well as ongoing Medicaid cost-containment measures, the administration mostly closes the state's ongoing structural budget gap, boosts the Rainy Day Fund balance, and leaves a cash General Fund balance of just under \$850 million.¹ The budget funds mandated increases in education aid and adds new money for two new innovation funds and to expand a variety of other education programs. Some boosts in federal education aid related to the federal stimulus (ARRA) were time-limited and have run out or are past peak levels. During FY 2014, the Medicaid expansion under the Patient Protection and Affordable Care Act (ACA) will go into effect; fully funded with \$377 million in new federal money. The budget includes \$9.1 million in FY 2013 deficiency funding for private residential per diems and \$5.7 million in new money for these per diems in FY 2014. After dropping dramatically, funding for foster care payments continue a steady increase in FY 2014. After several years of rate freezes or cost containment, health care and child welfare providers receive rate increases. The budget also provides deficiency funding to address accumulated shortfalls in federal Title IV-E funds for child welfare and TANF funds for income support. In recent budgets, the proceeds from the state property tax have paid for debt service costs; however, the FY 2014 budget, includes \$101 million in General Funds needed to supplement property tax collections and pay for debt service.² An increase in the state property tax rate would free up all or a portion of these General Funds for other investments in Maryland's future.

O'Malley Administration Estimate: What's In It For Kids?

As part of the budget, the administration prepares an annual estimate of funding in the budget for services to children and families. In FY 2014, the administration highlights \$11.646 billion in investments in services or programs for the state's children and families.³ The estimate is not reviewed or verified by legislative analysts or ACY. At the same time, this estimated "children's budget" assists in putting investments in Maryland's families in context of the overall state budget and in identifying trends in investments in children and youth. The spending estimate also illustrates the budget impact of state education aid increases, the time-limited boosts of the federal stimulus (ARRA) spending, which

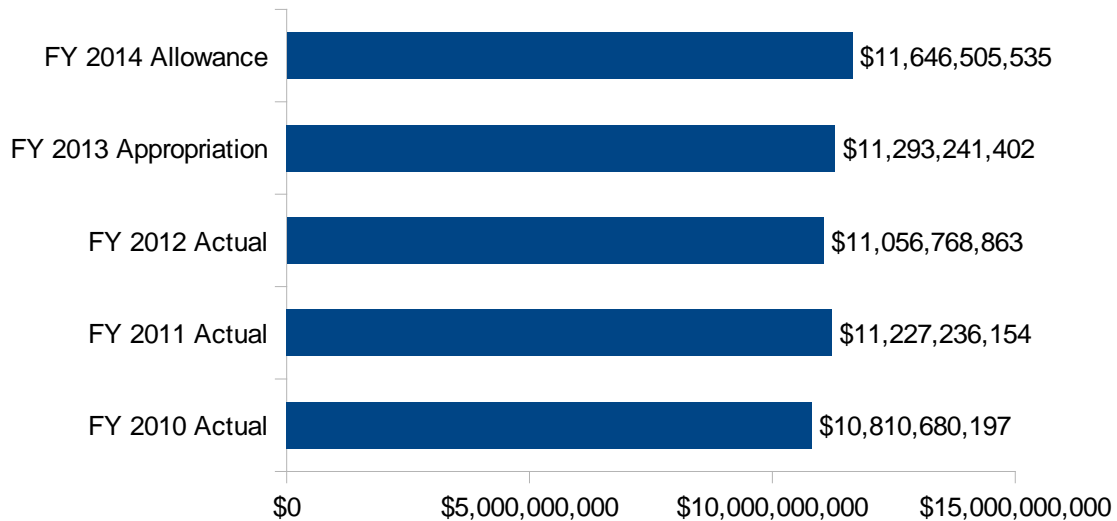
1 For a thorough review of the the FY 2014 budget, including the Governor's actions to close the structural gap and to fund the FY 2014 budget, see "Fiscal Briefing," Department of Legislative Services, Office of Policy Analysis, January 21, 2013, at <http://mgaleg.maryland.gov/Pubs/BudgetFiscal/2013rs-operating-budget-fiscal-briefing.pdf>.

2 DLS Fiscal Briefing, page 21.

3 "Budget Highlights – FY 2014," Maryland Department of Budget and Management (DBM), Appendix K, available at <http://dbm.maryland.gov/agencies/operbudget/Documents/2014/BudgetHighlightsFY2014.pdf>.

peaked in FY 2011 and 2012, and the fiscal effects of the recession, which continue into FY 2014 with high income support spending, including for the Supplemental Nutrition Assistance Program (SNAP), or Food Stamps, and for Temporary Cash Assistance and Energy Assistance.

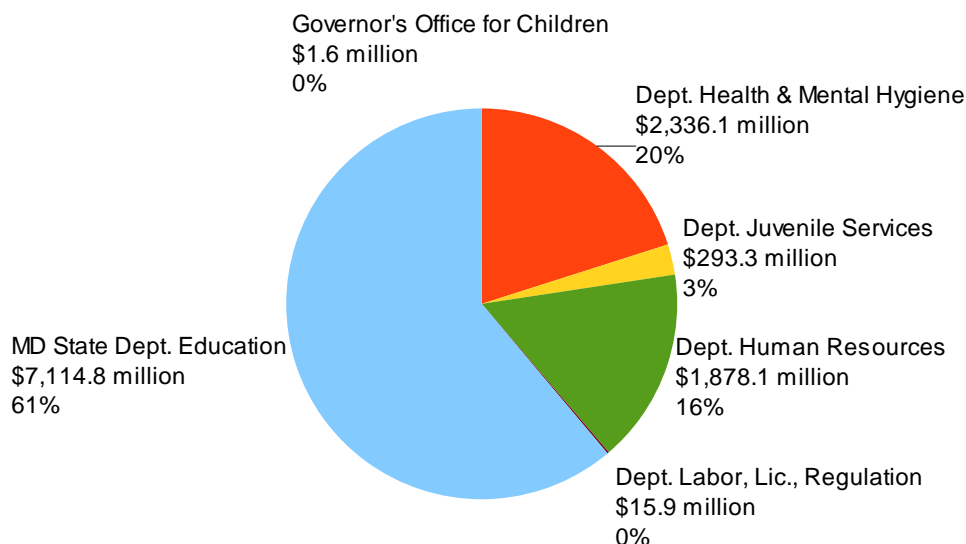
**Investments in State Budget for Services to Children and Families
Administration Estimate (See Budget Highlights - Appendix K)**



Spending on child care, school readiness and public education in the Maryland State Department of Education (MSDE) comprises over 60% of total investments in services for children and families. Medicaid and other health spending in the Department of account for another 20%, with child welfare and income support spending in the Department of Human Resources making up 16% of the total.⁴

⁴ DBM Budget Highlights – FY 2014, Appendix K.

Fiscal Year 2014 Agency Spending on Children & Families - Administration Estimate
(MSDE Includes MD School for Deaf & Interagency School Construction Cmte.)



Education

Maryland's public schools continue to be ranked first in the nation⁵; and the O'Malley administration continues to fund mandated education aid increases and robust capital spending for school construction, though these capital investments drop about \$60 million from the last budget.⁶ Direct state aid to public schools increases by more than \$207.6 million; including an increase of \$100.5 million for teacher and librarian retirement costs. Although this increase in state aid for retirement payments comes after a decrease of about \$93 million in FY 2013. State education aid increases include a \$49.4 million increase in basic per pupil Foundation Program funding; a \$39.8 million jump in Compensatory Education aid, which allocates additional funding to school systems based on the number of students eligible for Free and Reduced Price Meals; and a \$16 million increase in local aid for Limited English Proficiency. The budget also includes a \$8.1 million increase for Guaranteed Tax Base funds, that provide additional aid to nine school systems that have less than 80% of statewide average wealth per pupil and maintain local education spending levels; and a \$5.4 million in increased local student transportation aid.⁷

The budget includes \$130.8 million for the Geographic Cost of Education Index, which provides state support to school systems in high-cost-of-living jurisdictions.⁸ The administration also provides new money or increased funding for a number of programs and initiatives. The budget provides \$8.3 million in new money for a phased-in change in calculating the amount of local aid; \$5 million for a Digital Learning Innovation Fund; \$2 million for a Early College Learning Fund; as well as \$2 million

5 According to *Education Week's 2013 Quality Counts*, its annual student achievement study, Maryland ranked #1 in the nation's public schools for the fifth year in a row. See "State and National Grades Issued for Education Performance, Policy: U.S. Earns a C-plus, Maryland Ranks First for Fifth Straight Year," *Education Week*, January 10, 2013, at http://www.edweek.org/media/QualityCounts2013_Release.pdf, <<accessed 2/5/2013>>.

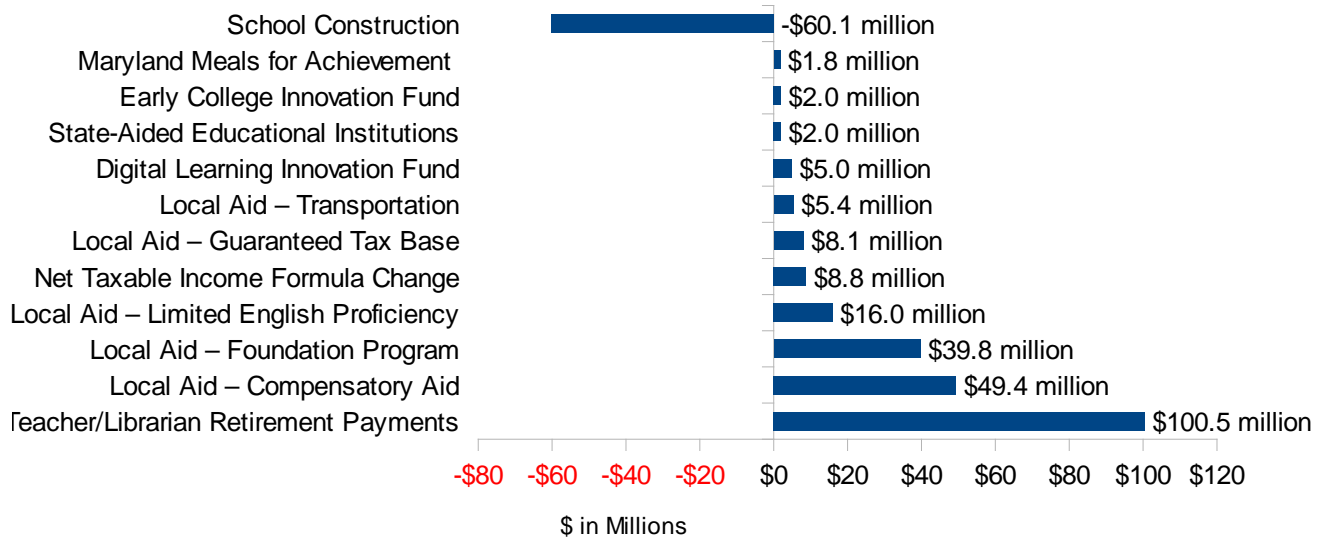
6 For school construction spending, see DBM Budget Highlights – FY 2014, page 15.

7 For annual increases in total state education aid and aid by program, see DLS Fiscal Briefing, page 37.

8 DBM Budget Highlights – FY 2014, page 14.

in increased spending for State-aided Educational Institutions.⁹ The Maryland Meals for Achievement program receives \$5.2 million for school breakfasts. The administration estimates that this \$1.8 million in boosted funding for the program will ensure 57,000 additional students receive breakfast.¹⁰

FY 2014 Governor's Public Education Budget: State Aid Increases; New Initiatives & A Decrease in School Construction Funding



Many other programs funded with state General Funds are basically flat-funded, including Judith P. Hoyer Early Learning Centers at \$10.6 million¹¹; the Infants & Toddlers program at \$10.4 million¹²; Healthy Families/Home Visiting at \$4.6 million; and School-Based Health Centers at \$2.6 million.¹³

Funding for Teacher Quality goes down \$1.4 million, with federal funding for Improving Teacher Quality down \$900,000 to \$33.1 million; and various state-funded initiatives down by \$500,000.¹⁴ State money for the Child Care Subsidy Program is level-funded, but a \$3.7 million decrease in federal funds reduces total funding for the program to \$75 million.¹⁵ FY 2014 spending for MSDE's Division of Early Childhood Development goes up \$3.7 million to \$53.3 million, with General Fund and ongoing federal spending basically flat and federal ARRA Race to the Top – Early Learning Challenge funding up \$4.5 million.¹⁶

In addition to the new state money for the Maryland Meals for Achievement program, the State Food

9 DLS Fiscal Briefing, page 5.

10 DBM Budget Highlights – FY 2014, page 20.

11 Maryland Fiscal Year 2014 Operating Budget, Maryland Department of Education, Volume III, page 69, appropriation statement for Maryland State Department of Education (MSDE), Aid to Education - Transitional Education Funding Program, page III-69. The FY 2014 budget books with detail are available at <http://dbm.maryland.gov/agencies/operbudget/Pages/FY2014OperatingBudgetDocs.aspx>.

12 Maryland FY 2014 Operating Budget, Volume III, page 55, appropriation statement for MSDE, Aid to Education – Students With Disabilities.

13 Maryland FY 2014 Operating Budget, Volume III, page 59, appropriation statement for MSDE, Aid to Education – Innovative Programs.

14 Maryland FY 2014 Operating Budget, Volume III, page 68, appropriation statement for MSDE, Aid to Education – Teacher Development.

15 Maryland FY 2014 Operating Budget, Volume III, page 70, appropriation statement for MSDE, Aid to Education – Child Care Subsidy Program.

16 Maryland FY 2014 Operating Budget, Volume III, page 31, appropriation statement for MSDE, Headquarters – Division of Early Childhood Development.

Services Program, or state funds for school meals, is level-funded at \$4.3 million. The large majority of spending for school meals is federal funding, which goes up \$10.1 million for the School Breakfast Program; \$8.3 million for the National School Lunch Program; and \$5.9 million for the Child and Adult Care Food Program, that provides snacks at day care centers and other community locations. Federal money remains constant for the Summer Food Service Program for Children at \$7.6 million and for the Special Milk Program for Children at \$606,000; while federal funds decrease for the Fresh Fruit and Vegetable Program to \$3.2 million.¹⁷

Decreases in Reimbursable Funds from the Department of Health and Mental Hygiene and the Department of Human Resources (DHR) account for most of the \$3.7 million decrease for the Children's Cabinet Interagency Fund, which is funded at \$25.1 million.¹⁸ Funding for the Governor's Office for Children drops about \$500,000 to \$1.6 million, primarily due to the end of a federal Hunger Free Communities grant.¹⁹ According to legislative analysts, the FY 2014 budget will maintain consistent funding levels for Local Management Boards (LMBs) as in FY 2013 and will distribute the funds the same among LMBs.²⁰

The state continues to invest in school construction and modernization with the administration highlighting \$335.7 million in investments for fiscal 2014, or a drop of about \$60 million from FY 2013. The Capital Budget includes \$25 million in General Funds for school safety enhancements and earmarks \$25 million in General Obligation (GO) Bonds for installation of central air conditioning.²¹ The Aging Schools program is funded at \$6.1 million²², a drop of \$25 million from the last budget which included a \$25 million supplemental award to the program funded with money from the alcohol tax increase.²³ State investments are supplemented with \$5.4 million in Qualified Zone Academic Bonds (QZABs),²⁴ a bond financed with a federal tax credit, a drop of \$9.9 million from the \$15.3 million in QZABs in FY 2013.²⁵ The Maryland Higher Education Commission receives \$52 million for community college construction.²⁶

17 Maryland FY 2014 Operating Budget, Volume III, page 63, appropriation statement for MSDE, Aid to Education – Food Services Program.

18 Maryland FY 2014 Operating Budget, Volume III, page 85, appropriation statement for MSDE, Children's Cabinet Interagency Fund.

19 Maryland FY 2014 Operating Budget, Volume I, page 232, appropriation statement for Governor's Office for Children.

20 "Analysis of the FY 2014 Maryland Executive Budget, 2013 – Governor's Office for Children and Interagency Fund," Department of Legislative Services, Office of Policy Analysis, February 2013, page 11, at <http://mgaleg.maryland.gov/pubs/budgetfiscal/2014fy-budget-docs-operating-D18A18-Governors-Office-for-Children-&-Interagency-Fund.pdf>.

21 DBM Budget Highlights – FY 2014, page 15.

22 DLS Fiscal Briefing, page 45.

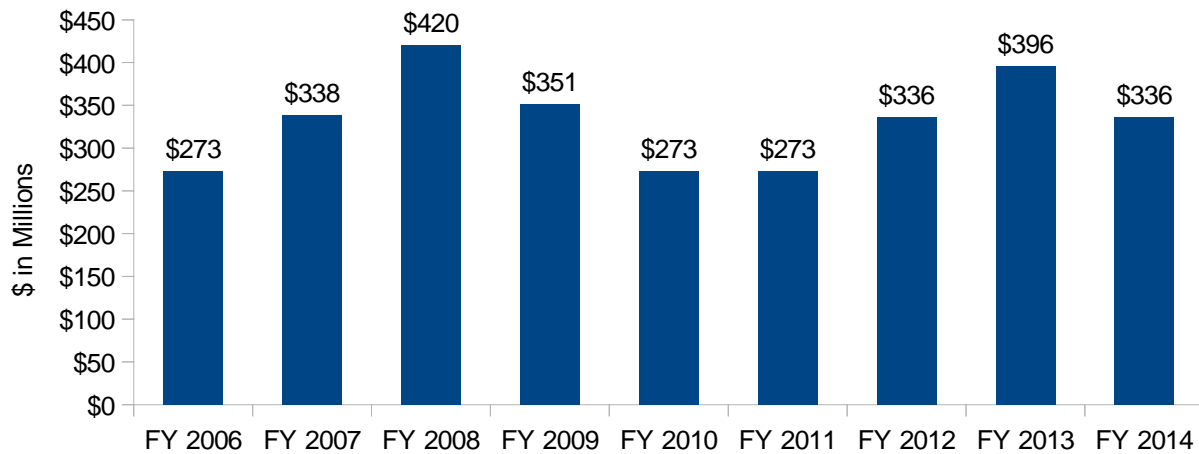
23 "The 90-Day Report: A Review of the 2012 Legislative Session," Department of Legislative Services, April 2012, pages A-57-A-58 and page L-2, available at <http://mgaleg.maryland.gov/Pubs/LegisLegal/2012rs-90-day-report.pdf>.

24 DLS Fiscal Briefing, page 45.

25 DLS The 90 Day Report – 2012 Legislative Session, page L10.

26 DBM Budget Highlights – FY 2014, page 28.

Public School Construction Funding Trends



Health

Compared to the growth in health care costs overall, the Medicaid budget increases just slightly to \$7.381 billion in total funds.²⁷ The budget includes \$377 million in boosted federal Medicaid support to pay for the ACA Medicaid expansion. \$348.7 million of the boosted Medicaid money will pay for medical and other health care services,²⁸ while \$28.3 million will fund mental health services for the newly covered.²⁹ The administration estimates that an additional 108,676 Marylanders will receive health coverage through the ACA Medicaid expansion.³⁰

Both the Medicaid expansion and the Maryland Health Benefit Exchange (MHBE) will begin operating on January 1, 2014, while MHBE will begin accepting enrollment on October 1, 2013. Not surprisingly, the Medicaid expansion and the implementation of the MHBE is expected to yield marked increases in federal funding, with about \$600 million in related federal funding increases in FY 2014 and nearly \$2 billion by fiscal 2018.³¹

DHMH also receives \$16.2 million in increased spending for increased Medicaid enrollment not related to the ACA expansion. Total FY 2014 funds for the Maryland Children's Health Program (MCHP) increase \$22.4 million to \$220.1 million.³² The FY 2014 budget also includes a deficiency reversion of \$93.9 million, due to lower enrollment than anticipated for the current fiscal year. In other words, \$93.9 million budgeted for Medicaid in the current budget was “freed up” for use in the fiscal 2014 budget.³³

Funding for the Mental Hygiene Administration (MHA) increases by \$61.7 million, with the ACA

27 DLS FY 2014 Analysis, “Department of Health and Mental Hygiene (DHMH) Overview,” January 2013, page 8, at <http://mgaleg.maryland.gov/pubs/budgetfiscal/2014fy-budget-docs-operating-M00-DHMH-Overview.pdf>.

28 DLS FY 2014 DHMH Overview Analysis, page 10.

29 DLS FY 2014 DHMH Overview Analysis, page 11.

30 Maryland FY 2014 Operating Budget, Volume II, page 250, DHMH, Managing For Results (MFR) statement for Medical Care Programs Administration – Medical Care Provider Reimbursements.

31 DLS FY 2014 DHMH Overview Analysis, pages 23-25.

32 DLS FY 2014 DHMH Overview Analysis, page 12.

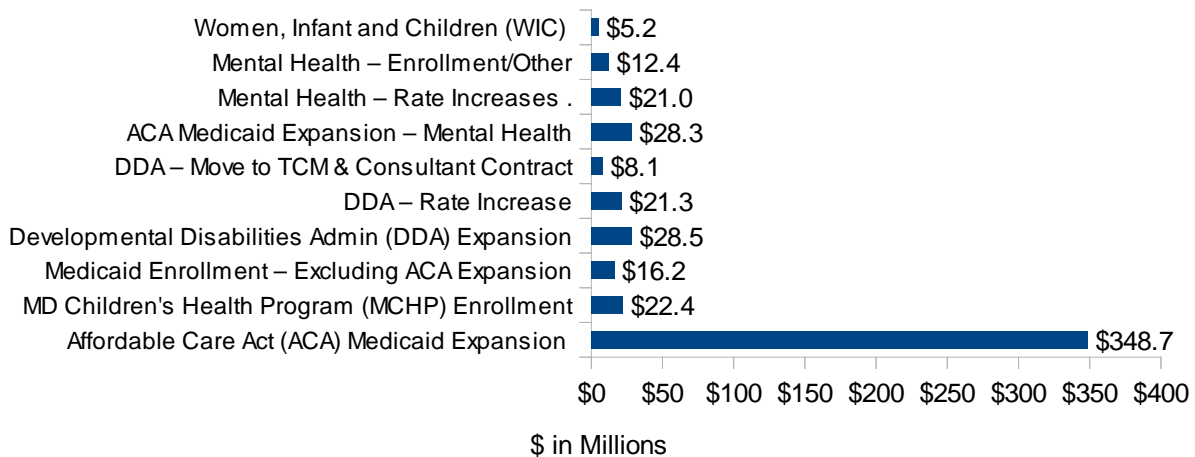
33 DLS FY 2014 DHMH Overview Analysis, page 5.

Medicaid expansion accounting for \$28.3 million and a rate increase making up \$13 million of the increase.³⁴ Investments in developmentally delayed Marylanders increase by \$58 million, with \$28.5 million for program expansion, \$21.3 million for a rate increase.³⁵ Included in the Developmental Disabilities Administration (DDA) funding expansion is \$9.3 million to support 608 additional community placements for DDA transitioning youth.³⁶

A reduction of \$7.3 million in General Funds for school health services is balanced by an increase of \$7.2 million in Cigarette Restitution Funds (CRF) for the CRF Statewide Academic Health Centers Program.³⁷ FY 2014 funding for the Alcohol and Drug Abuse Administration (ADAA) goes down by \$5 million. \$5 million is provided to expand recovery support services, but funding for treatment grants is reduced \$6.4 million and \$3.7 million is cut from ADAA due to fewer transfers to PAC.³⁸ It is not clear how many of these services will be provided by Medicaid expansions.

Funding for the Women, Infant and Children program increases by \$5.2 million to \$119.7 million, which could be related to the increasing cost of food. Federal funding for the Maternal and Child Health Services Block grant is flat-funded at \$7 million.³⁹

Medicaid & Other Health Care Programs FY 2014 Boosted Investments -- All Fund Sources



In fiscal 2014, more than 1.1 million Marylanders will receive health care through Medicaid and other medical care programs. These enrollees include 441,489 children, along with 88,077 adults who head households receiving Temporary Cash Assistance (TCA), 13,884 pregnant women and an additional 116,378 parents, are estimated to be enrolled in Medicaid in fiscal 2014. Also, the FY 2014 MCHP caseload is anticipated to be 115,912. FY 2014 spending on children, pregnant women, parents and other caretakers is estimated at more than \$31.5 Billion, not accounting for ACA Medicaid expansion.⁴⁰

34 DLS FY 2014 DHMH Overview Analysis, page 10.

35 DLS FY 2014 DHMH Overview Analysis, page 11.

36 DBM Budget Highlights – FY 2014, page 19.

37 DLS FY 2014 DHMH Overview Analysis, pages 11-12.

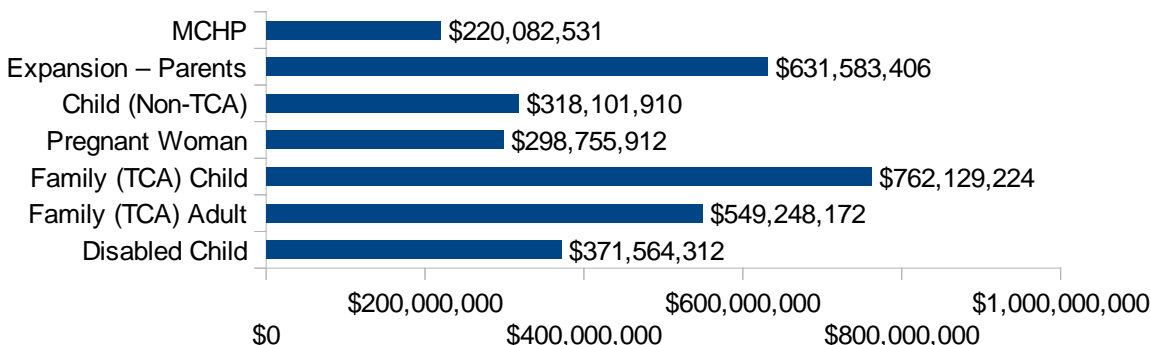
38 DLS FY 2014 DHMH Overview Analysis, page 11.

39 Maryland FY 2014 Operating Budget

40 Maryland FY 2014 Operating Budget, Volume II, page 250, DHMH, MFR statement for Medical Care Programs

As part of health care reform, adults currently covered through the Primary Adult Care (PAC) Program will be provided full Medicaid coverage and benefits, with the expense entirely paid by federal funds.⁴¹

Estimated FY 2014 Spending for Selected Medicaid Enrollment Categories & MCHP



In 2012, DHMH reorganized its public health structure; and this year's budget reflects the Department's new structure. The Family Health and Infectious Disease and Environmental Health Administrations were consolidated under the Deputy Secretary of Public Health Services into the Prevention and Health Promotion Administration. The Health Systems and Infrastructure Services Administration was also created to assure health care access and quality and focus on population-based health care.⁴²

Juvenile Justice

Accounting for \$9.1 million in FY 2013 deficiencies, total funds for the Department of Juvenile Services increase by \$10.1 million in fiscal year 2014.⁴³ The transfer of educational responsibility to MSDE for youth in the state's detention facilities is complete; and related funding in the DJS budget is reduced by \$2.6 million.⁴⁴ Funding for non-residential programs in the community is down by \$743,000 and decreases \$531,000 for evidence-based programs by \$531,00,⁴⁵ while the number of slots remains steady at 299, due to a greater reliance on a lower-cost and more effective community-based service, Family Functional Therapy, as compared to Multi-Systemic Therapy, a more intensive home-based service. Funding for mental health assessments increases slightly by \$382,000.⁴⁶

Sustained and effective local advocacy focused on the unwise choice to construct a new youth jail in Baltimore City successfully derailed the project. The FY 2014 Capital Budget does include \$21.4 million for a new detention facility at Cheltenham and \$1.7 million for planning a new facility for girls at the Waxter Center.⁴⁷

Administration – Medical Care Provider Reimbursements provides FY 2014 estimated enrollment and average cost per enrollee by program and eligibility category.

41 DLS FY 2014 DHMH Overview Analysis, pages 23-25. The PAC program will essentially be “rolled into” the state's Medicaid program and will effectively cease to operate as a separate program, although PAC caseload reporting may continue for several years.

42 DLS FY 2014 DHMH Overview Analysis, page 27.

43 DLS FY 2014 Analysis, “Department of Juvenile Services,” January 2013, page 1, at <http://mgaleg.maryland.gov/pubs/budgetfiscal/2014fy-budget-docs-operating-V10A-Department-of-Juvenile-Services.pdf>. The “FY13 Working” appropriation data on page 1 does include the \$9.1 million fiscal 2013 deficiency.

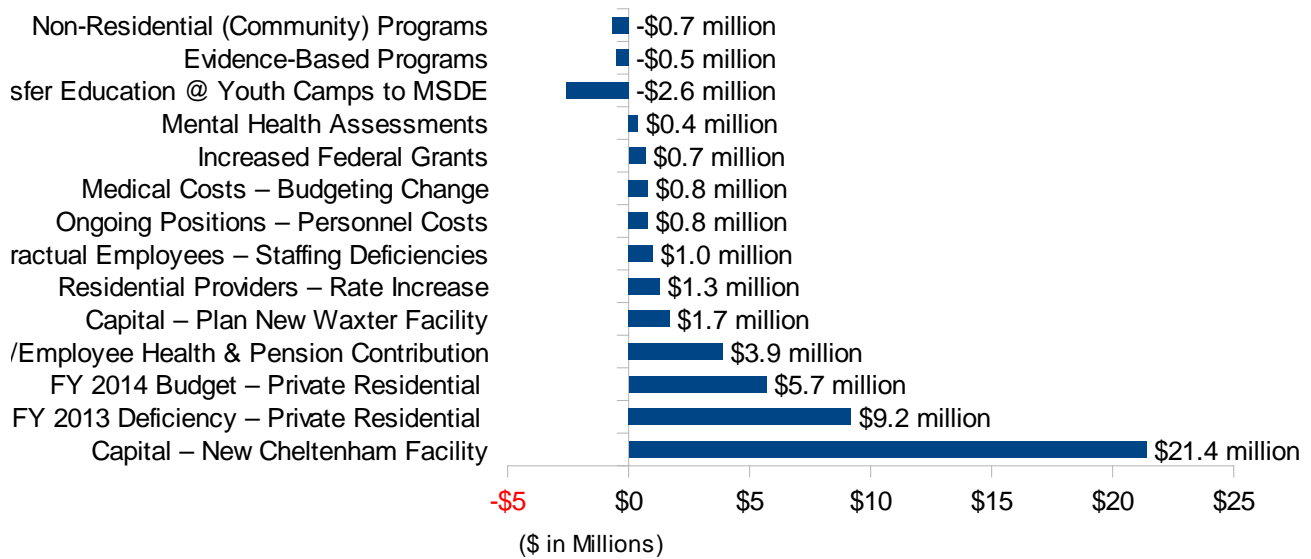
44 DLS FY 2014 DJS Analysis, page 6 and page 18.

45 DLS FY 2014 DJS Analysis, page 19.

46 DLS FY 2014 DJS Analysis, page 25.

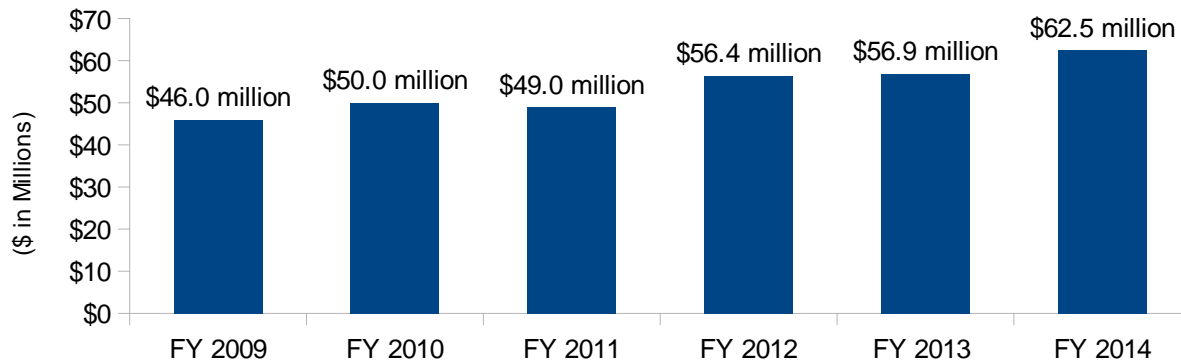
47 DLS FY 2014 Analysis, “Capital Budget Fiscal Briefing,” January 2013, pages 32-33, at <http://mgaleg.maryland.gov/pubs/budgetfiscal/2014fy-budget-docs-operating-PAY-Capital-Fiscal-Briefing.pdf>.

Fiscal 2014 DJS Budget - Funding Increases & Reductions



The FY 2014 budget for the Office of the Attorney General includes \$530,119 for the Juvenile Justice Monitoring Program, a unit within OAG that monitors juvenile facilities.⁴⁸ The DJS budget includes \$9.1 million in deficiency funding for private residential per diems in the current FY 2013 budget and increases funding for these per diems by another \$5.7 million in FY 2014 to \$62.5 million.⁴⁹ Residential providers also receive a \$1.3 million rate increase.⁵⁰

DJS Private Residential Placements -- Annual Costs



DJS is completing analyses to determine if the Department is detaining and placing children who need to be in out-of-home placements and has submitted its findings to the legislature for Baltimore City and Prince George's County. The study identified eight pathways to detention and found that many youth do not receive a validated risk assessment, and that DJS does not often follow the results of the risk assessment for youth who do receive one. As the legislative analyst for DJS reports, *“As a result, it appears that secure detention in Maryland’s juvenile justice system is over-utilized, and if sufficient*

48 Maryland FY 2014 Operating Budget, Volume I, page 87, appropriation statement for Juvenile Justice Monitoring Program.

49 DLS FY 2014 DJS Analysis, page 1 and Exhibit 14, page 24.

50 DLS FY 2014 DJS Analysis, page 25.

*resources were made available and detention decision policies were more aligned with risk assessment findings, it is likely that the department could significantly reduce the secure detention population and effectively monitor youth in the community.”*⁵¹ As the Department assesses its findings, advocates may see shifts in future budgets that better reflect the needs of the children in the Department's care and custody.

Child Welfare

After peaking in fiscal 2008 at \$353 million and remaining high through FY 2010, total spending on foster care payments dropped dramatically in fiscal year 2011 and remains below peak spending levels.⁵² Fewer children were entering foster care; and DHR's Place Matters initiative was successful in moving children in care to less-restrictive and lower-cost placements. Unfortunately, the savings was transferred out of DHR and used to close fiscal gaps elsewhere in the budget.⁵³ Since FY 2011, foster care payments have been steadily increasing. In FY 2014, total funding for foster care payments goes up \$10.7 million to \$327 million, including \$5.7 million in boosted money due to a shift to higher-cost placements and \$4.9 million for a rate increase for institutional providers.⁵⁴ One negative consequence of Place Matters' success in reducing the number of youth in out-of-home placements is that many of the youth who have remained in care, have extraordinary needs, and thus require more expensive placements and services.

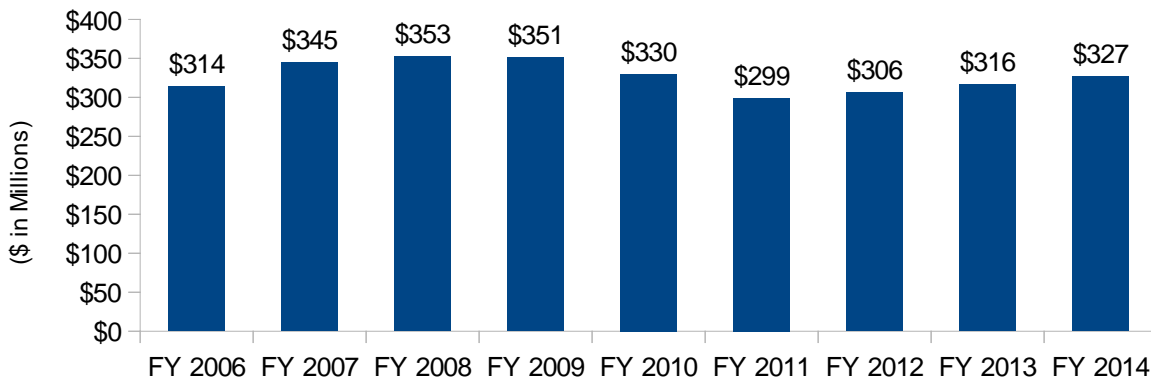
51 DLS FY 2014 DJS Analysis, page 6.

52 For FY 2006 spending, see the FY 2008 Maryland Operating Budget, Volume II, page 442, appropriation statement for Department of Human Resources (DHR), Local Department Operations, Foster Care Payments. Budget documents for prior and subsequent years are available at <http://dbm.maryland.gov/agencies/operbudget/Pages/OperatingBudget.aspx>. Foster care payment spending can be found in the same place in each year's budget.

53 For more background, see ACY's February 2011 "What's In It For Kids," at <http://acy.org/upimages/FY2012%20Budget%20Issue%20Brief.pdf> and ACY's March 2009 issue brief "Lost Savings" analyzing the anticipated and at-that-point unrealized savings, available at http://acy.org/upimages/Lost_Savings.pdf.

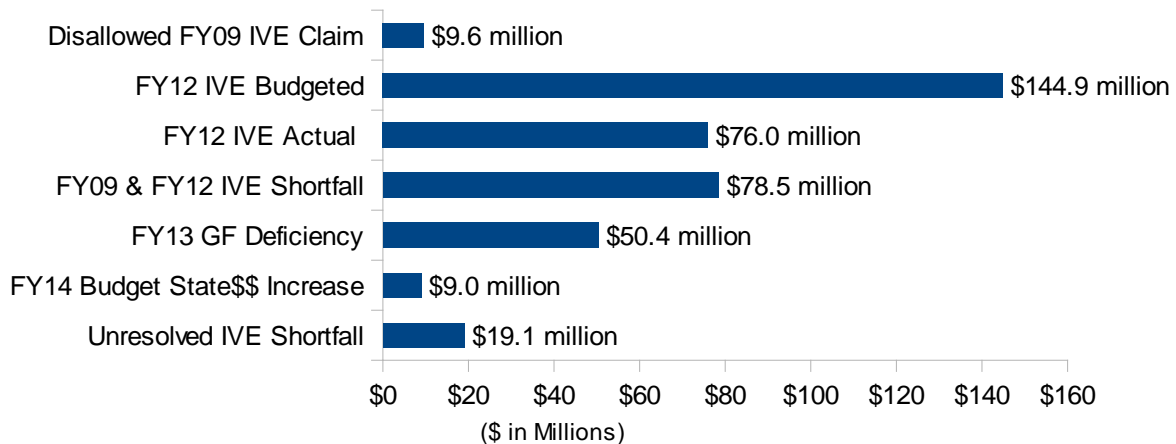
54 DLS FY 2014 Analysis, "Department of Human Resources – Social Services", February 2013, page 10, at <http://mgaleg.maryland.gov/pubs/budgetfiscal/2014fy-budget-docs-operating-N00B-DHR-Social-Services.pdf>.

Foster Care Payments (\$ In Millions)



The child welfare budget includes \$50.4 million for two FY 2013 General Fund deficiencies, both to make up for under attainment of Title IV-E federal funding. A \$9.6 million deficiency makes up for a fiscal year 2009 disallowed IV-E claim; and \$40.8 million goes to account for over estimates of Title IV-E reimbursement in the FY 2012 budget.⁵⁵ It is not clear that the deficiencies and the \$9 million in boosted state money in FY 2014 resolve the entire accumulated shortfall.

Taking Steps to Close a \$79 Million Title IV-E Shortfall, Fiscal 2014 Budget Boosts General Funds for Child Welfare By About \$58 Million. Potential GF Underfunding Continues



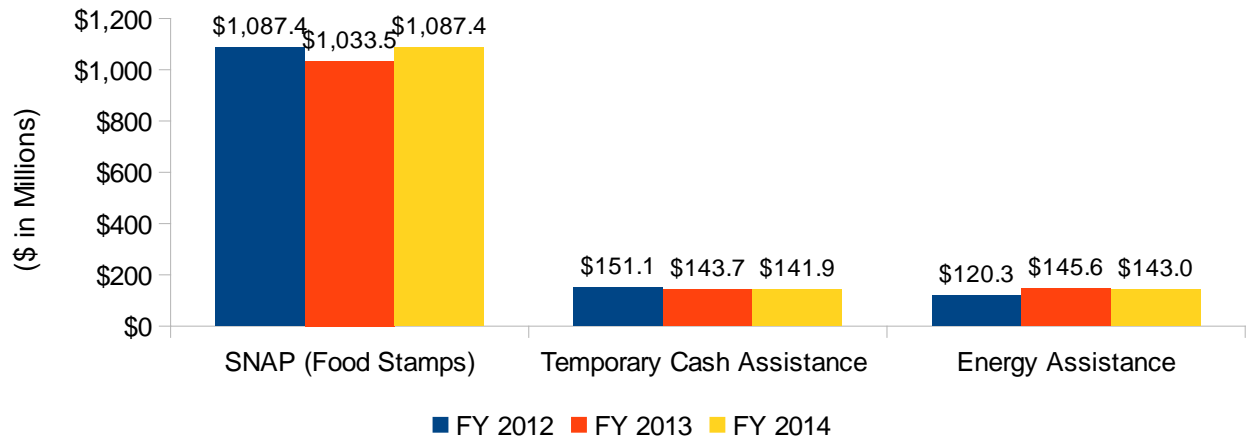
Supports for Working Families

In difficult economic times, work support programs for working families and those trying to find work become all the more important. Despite the improving economy, caseloads and funding for income supports, like the Supplemental Nutrition Assistance Program (SNAP), remain at high levels. Fiscal 2014 SNAP federal funds increase \$53.9 million and are budgeted at the FY 2012 actual spending, or \$1.087 billion. Temporary Cash Assistance (TCA) spending is down \$1.8 million to \$141.9 million; and spending on Energy Assistance programs is down \$2.6 million to \$143 million.⁵⁶

⁵⁵ DLS FY 2014 DHR Social Services Analysis, page 1.

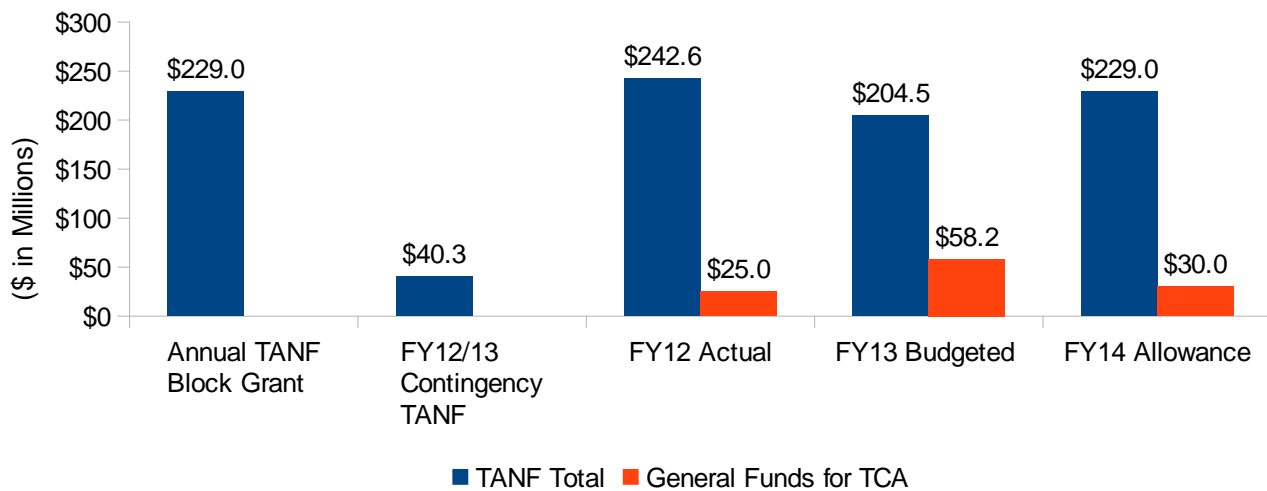
⁵⁶ DLS FY 2014 Analysis, "Department of Human Resources Overview," page 5, at

Spending Trends in Selected "Safety Net" Supports



Similar to the large General Fund deficiencies for an accumulated Title IV-E shortfall, the fiscal 2014 budget includes a \$19.2 million General Fund deficiency to resolve a built-up shortfall in the state's Temporary Assistance to Needy Families (TANF) balance. Maryland receives an annual TANF block grant of \$229 million; and received an additional \$40.3 million in TANF Contingency funds in FY 2012 and 2013. The elevated TCA caseloads brought on by the recession caused a spike in TCA spending and created a shortfall in the state's TANF balance. With reductions in TANF spending in FY 2013 and the deficiency, the TANF shortfall is addressed and annual spending is back in line with the annual block grant.⁵⁷

After an Infusion of General Funds for Surging TCA Caseloads & Spending TANF Contingency Funds To Close TANF Balance Shortfall, Current TANF Spending is Back in Line With Annual Block Grant



Conclusion

The last several budgets have included new money for mandated education aid increases, health care expansions and for surging income support caseloads as well as robust levels of bond funding for

<http://mgaleg.maryland.gov/pubs/budgetfiscal/2014fy-budget-docs-operating-N00B-DHR-Social-Services.pdf>.

public school construction. At the same time, funding for other programs for children and families had been flat. As the state emerges from the economic recession, the outlook for revenue collections has improved. The FY 2014 budget continues to fund increased state education aid, income support and school construction. The Governor's fiscal plan also includes new money for juvenile residential placements, provider rate increases, and to close accumulated gaps in federal funding. Despite a 2003 increase in the state property tax rate to pay for debt service, over \$100 million in General Funds are used for debt service in this budget. By reaching consensus on an adequate and modernized state property tax rate, Maryland's leaders could potentially free up over \$100 million in General Funds for

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