

# Understanding the Governor's Budget

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*Rigorous  
Independent  
Shared Prosperity*



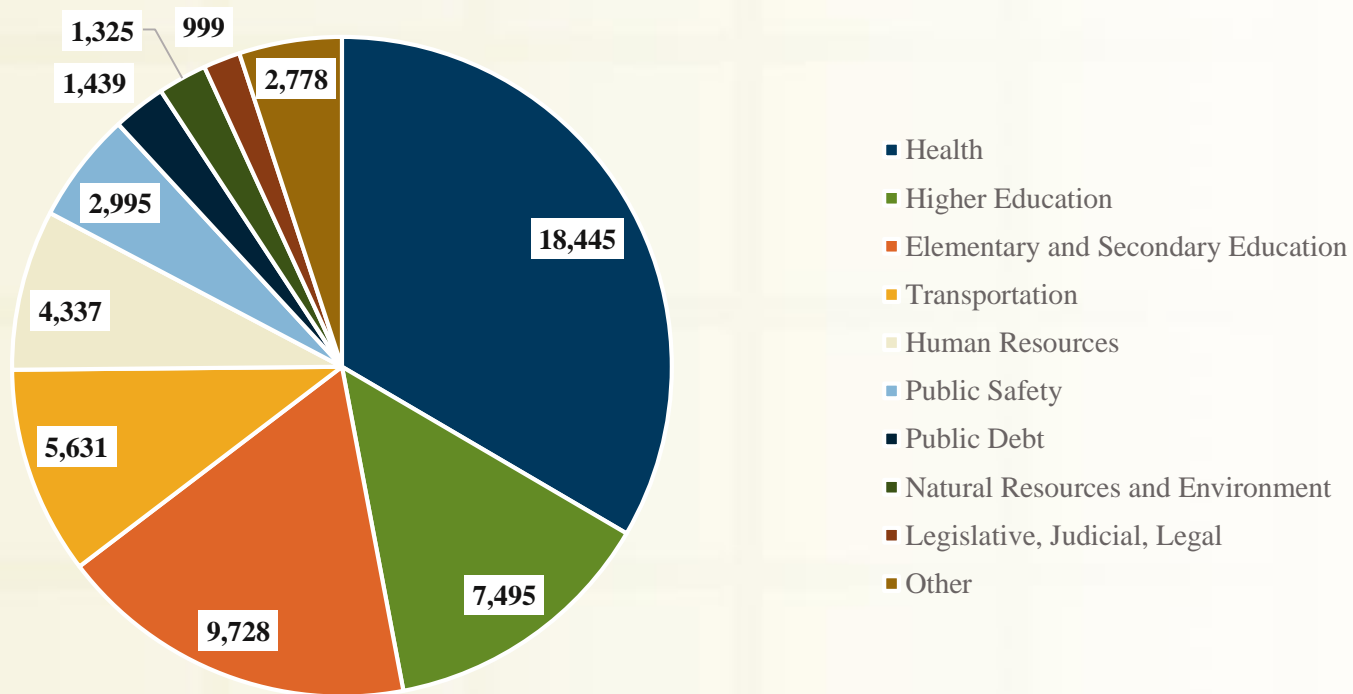
# Maryland Center on Economic Policy

*Every Marylander should be able to achieve their full potential in a healthy economy that offers a widely shared, rising standard of living*

The image displays four logos. At the top left is the 'State Priorities Partnership' logo, featuring a bar chart icon and the text 'Analysis + Impact' above 'State Priorities Partnership'. Below it is the 'Center on Budget and Policy Priorities' logo, which includes a grid icon and the text 'Center on Budget and Policy Priorities'. In the bottom left is the 'EARN Economic Policy Institute' logo, with 'EARN' in large blue letters and 'Economic Policy Institute' below it, accompanied by a blue outline of the state of Maryland. On the right side is the 'NPEU Nonprofit Professional Employees Union' logo, featuring the acronym 'NPEU' in large blue letters within a blue circular arc, with the full name 'Nonprofit Professional Employees Union' below it.

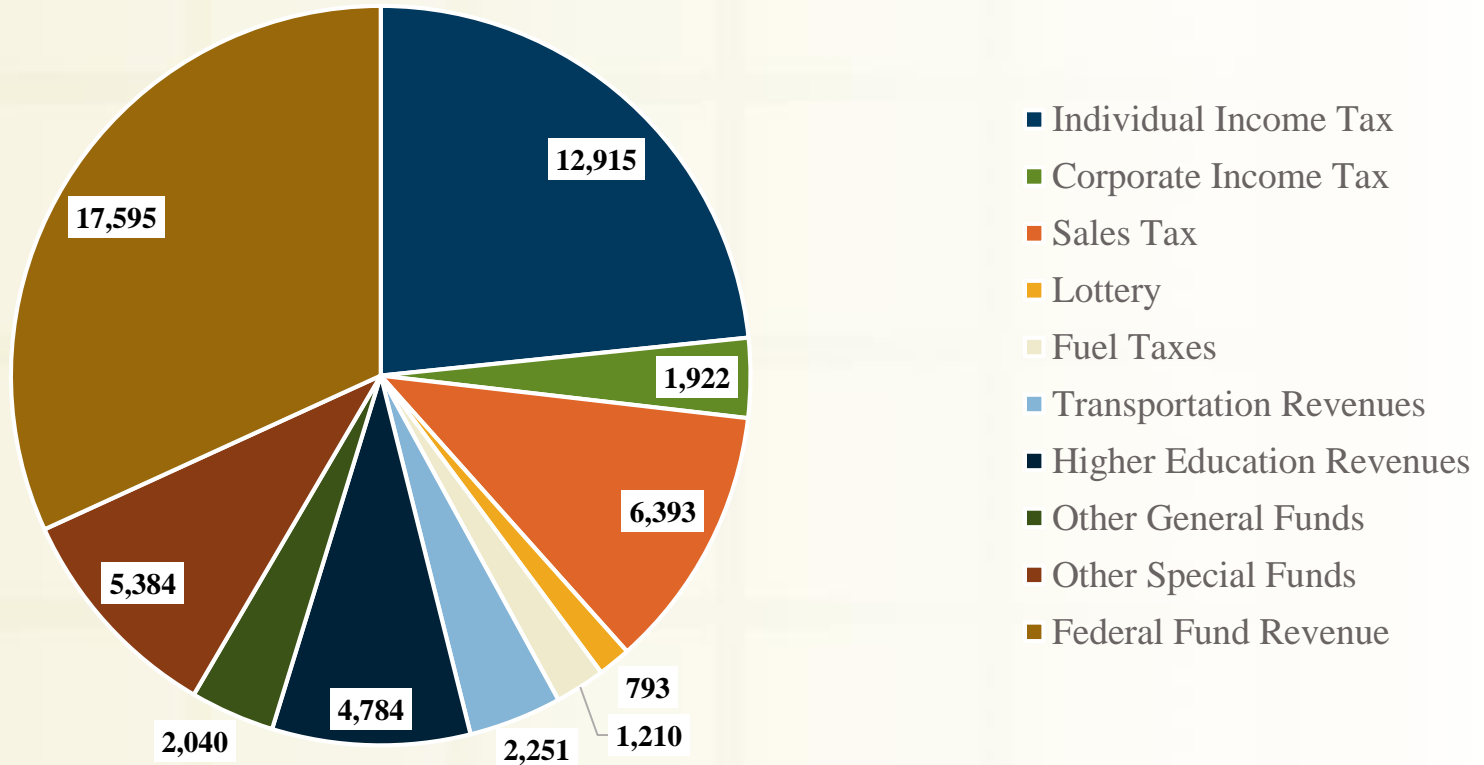
# Operating Budget Summary

## What Are Our Priorities?

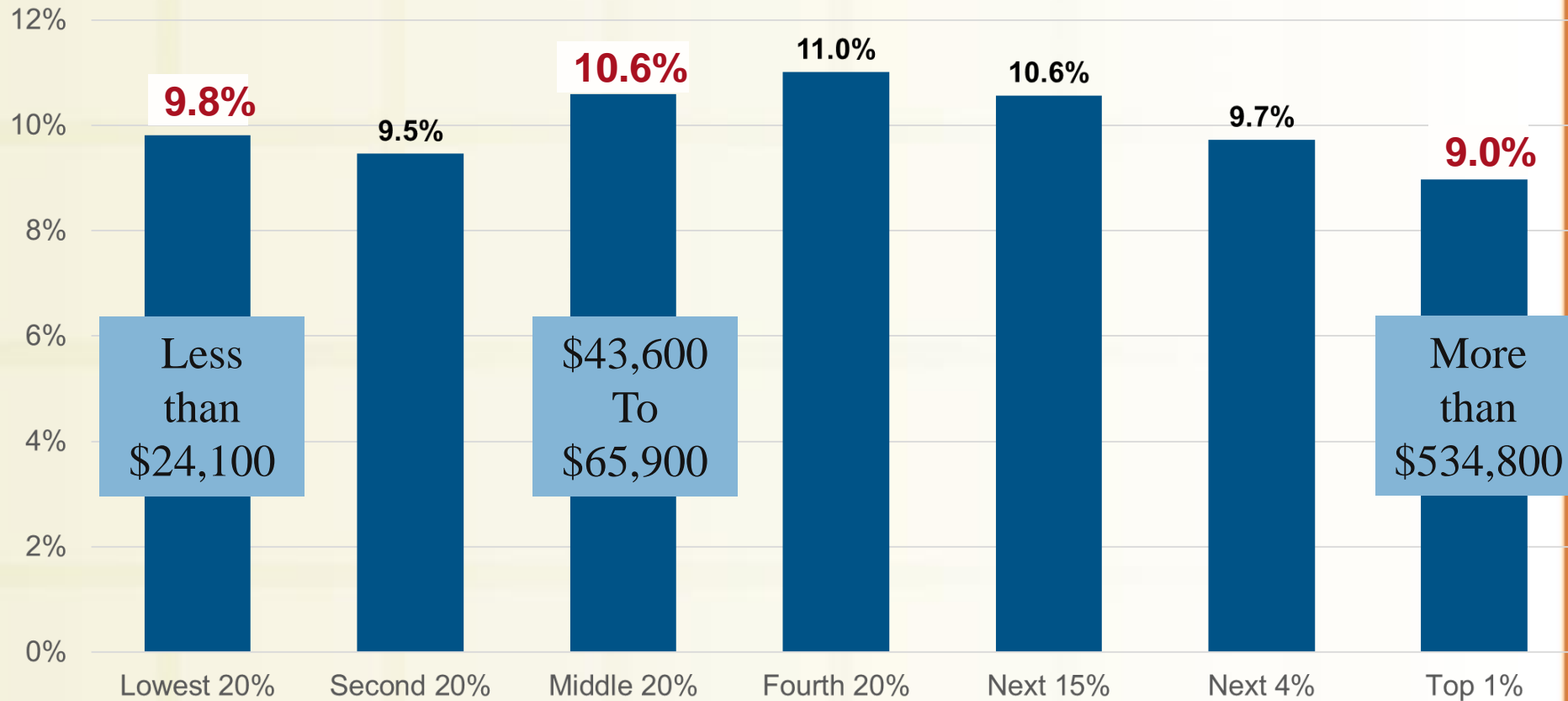


# Operating Budget Summary

## Where Does the Money Come From?



# Wealthiest Marylanders Pay a Smaller Share of their Income in State and Local Taxes



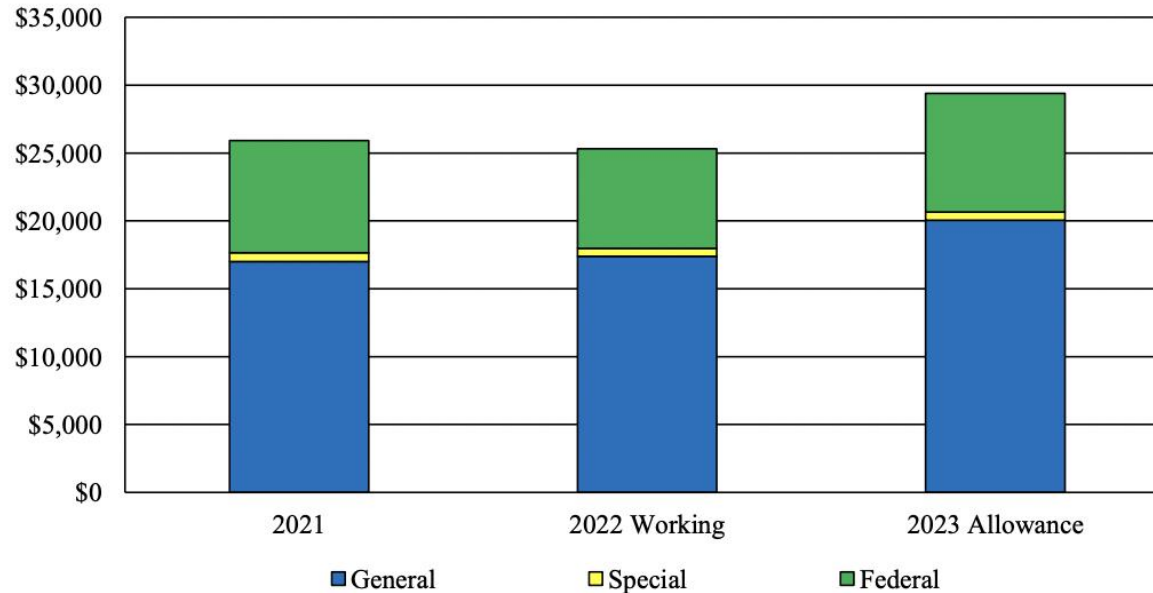
Source: Institute on Taxation and Economic Policy, 2018.

*Who Pays? A Distributional Analysis of the Tax System in All 50 States.* (2018). Institute on Taxation and Economic Policy. See: [http://www.itep.org/whopays/full\\_report.php](http://www.itep.org/whopays/full_report.php)

# Health

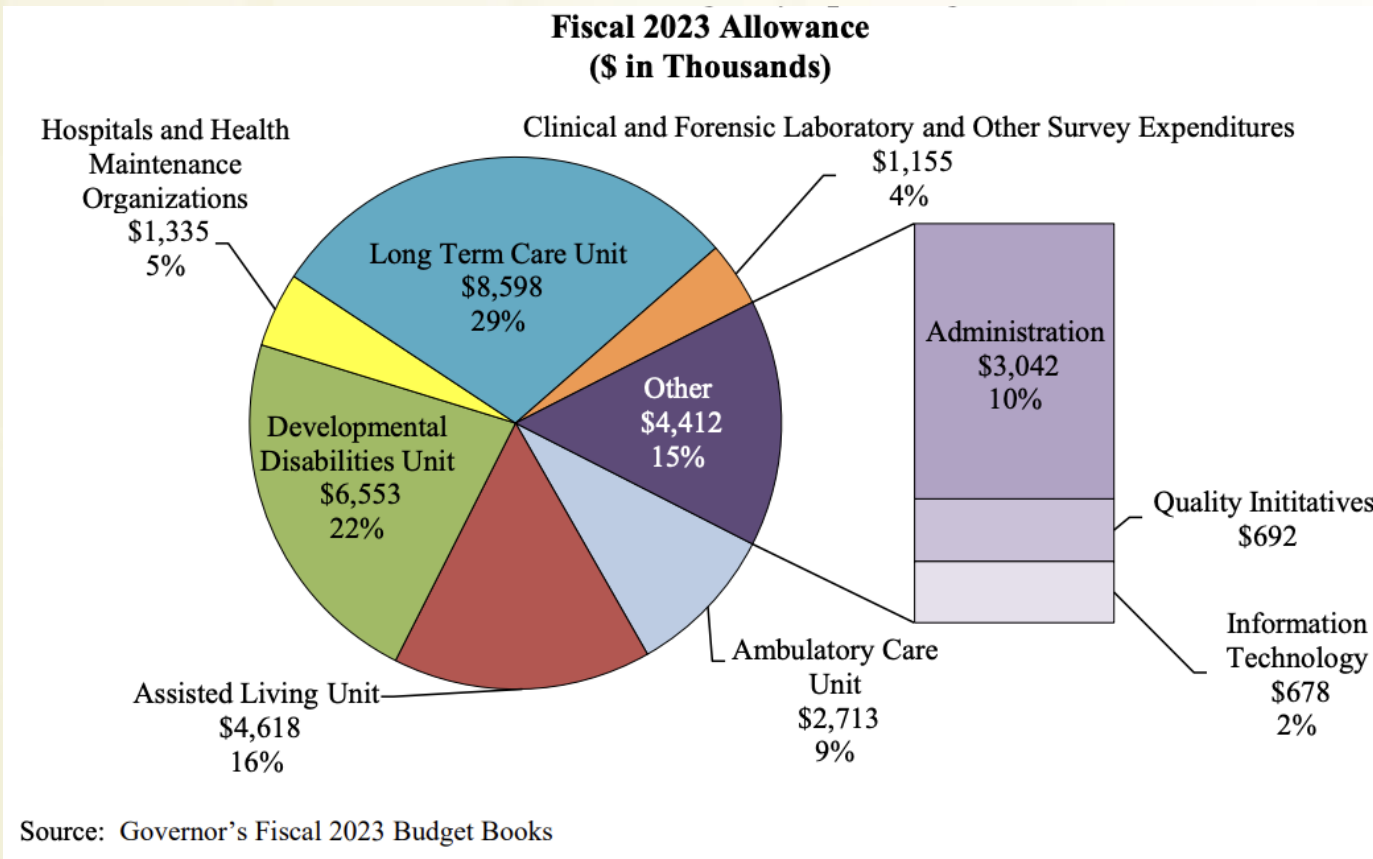
# Operating Budget Summay

**Fiscal 2023 Budget Increases \$4.1 Million, or 16.1%, to \$29.4 Million  
(\$ in Thousands)**



Note: The fiscal 2022 working appropriation includes deficiency appropriations. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

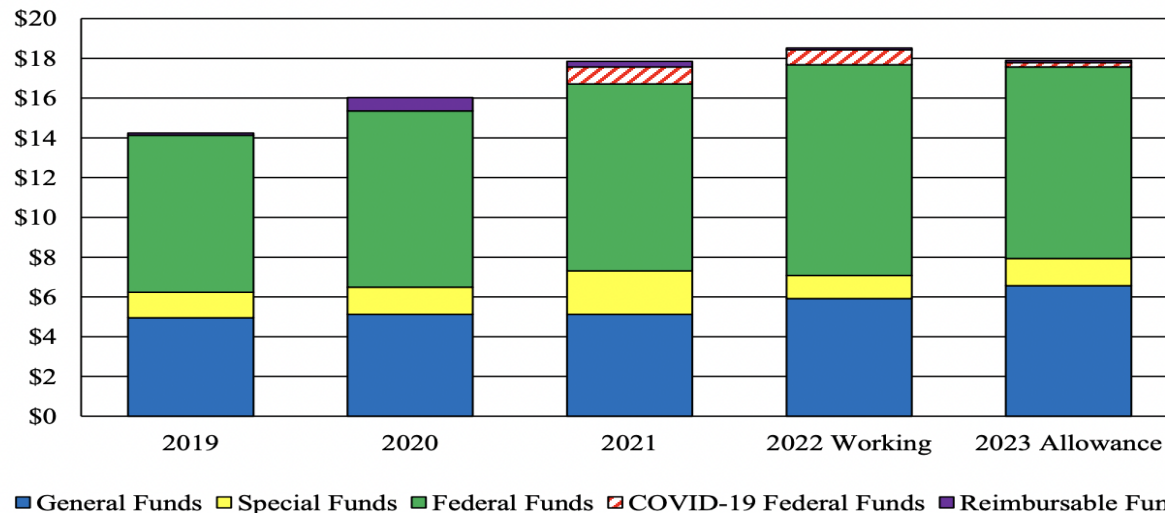
# Overview of Agency Spending





# Capital Budget Summary

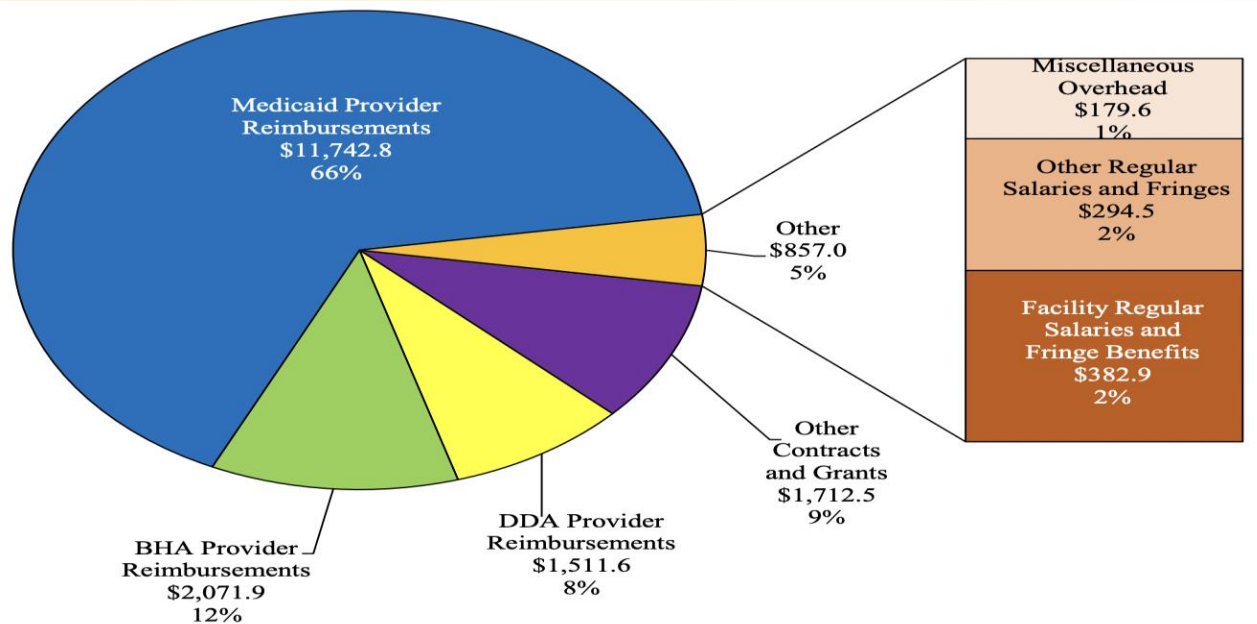
**Fiscal 2023 Budget Decreases by \$624.6 Million, or 3.4%, to \$17.9 Billion**  
**Fiscal 2021 Showed Greatest Growth with Increase of \$1.8 Billion, or 11.3%,**  
**Mainly Due to COVID-19-related Spending**



Note: The fiscal 2022 working appropriation includes deficiency appropriations and targeted reversions. The fiscal 2022 working appropriation and fiscal 2023 allowance do not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments. COVID-19 federal fund expenditures in fiscal 2020 are shown under federal funds. A table outlining the department's budget as introduced with adjustments delineated can be found in **Appendix 1**.

Source: Department of Budget and Management; Department of Legislative Services

# Agency Spending



BHA: Behavioral Health Administration  
DDA: Developmental Disabilities Administration

Note: The fiscal 2023 allowance does not reflect funding for statewide personnel actions budgeted in the Department of Budget and Management, which include cost-of-living adjustments, increments, bonuses, and may include annual salary review adjustments.

Source: Governor's Fiscal 2023 Budget Books; Department of Legislative Services

# Budget Highlights

- Home- and Community-based Services (HCBS) Waiver Expansion Efforts:
  - Impact of COVID-19 on nursing facilities have caused concern about HCBS capacity. Significant amounts of State and federal funding have been authorized to expand and strengthen HCBS.
  
- State funding opportunities to improve maternal health response to improve racial and ethnic disparities
  - Maryland persistently records over 2.0 times higher MMRs among non-Hispanic Black people compared to non-Hispanic White people. Most recently, this disparity has grown to over 4.0 times.

# Housing

# Budget Highlights

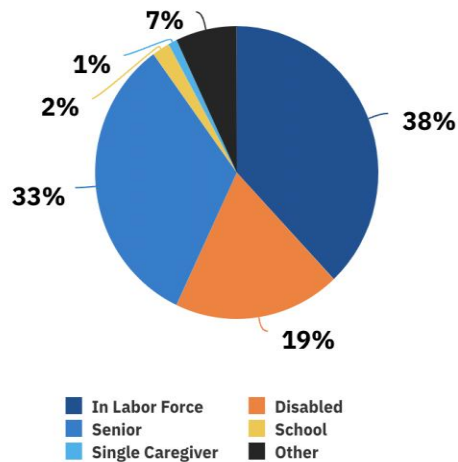
- Rental Housing
  - \$67.5 million for Rental Housing Works
  - \$12 million for Partnership Rental Housing
- Homeownership Programs
  - \$42 million
- Community Development
  - \$12 million

# Other Highlights

- Governor Hogan allocated \$5.4 million for ATC, which is short from the \$11.8 million requested from housing advocates.
- Total housing budget is \$426 million, which is short from the \$600 million in total funded requested from housing advocates.
- Advocates are requesting 10% or \$380 million of ARPA (Coronavirus State and Local Fiscal Recovery Funds) dollars to go towards affordable housing.

# Housing Big Picture

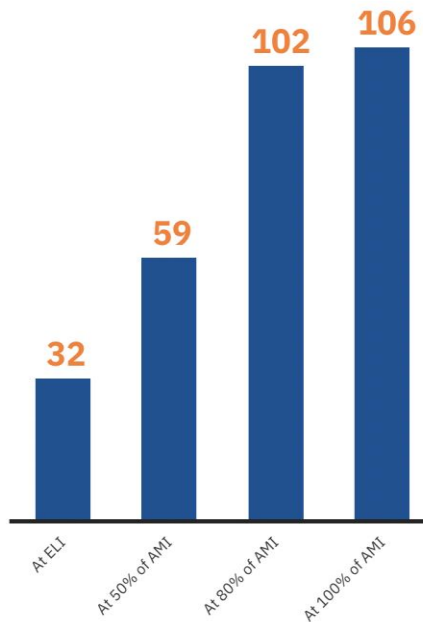
## EXTREMELY LOW INCOME RENTER HOUSEHOLDS



**Note:** Mutually exclusive categories applied in the following order: senior, disabled, in labor force, enrolled in school, single adult caregiver of a child under 7 or a person with a disability, and other. At the national level, 14% percent of extremely low income renter households include a single adult caregiver, more than half of whom usually work more than 20 hours per week. More than 10% of extremely low-income renter households are enrolled in school, 48% of whom usually work more than 20 hours per week.

**Source:** 2019 ACS PUMS.

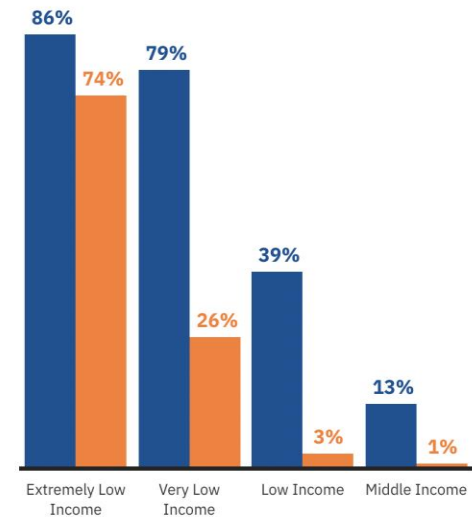
## AFFORDABLE AND AVAILABLE HOMES PER 100 RENTER HOUSEHOLDS



**Source:** NLIHC tabulations of 2019 ACS PUMS

## HOUSING COST BURDEN BY INCOME GROUP

■ Cost Burdened ■ Severely Cost Burdened



**Note:** Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are severely cost burdened.

**Source:** NLIHC tabulations of 2019 ACS PUMS

# Education





# Public School Funding Toplines

- First year of Blueprint implementation (*mostly....*)
- Total direct aid to public schools increases by 4.7% (\$314m)
  - \$7.1b total
  - Lowest: 0.7% *decrease* in Garrett County
  - Highest: 14.2% increase in Frederick County
- Modest increase reflects expiration of FY22 COVID relief funding
  - Excluding FY22 COVID funding, direct aid increases 8.0% (\$526m)
  - But the pandemic isn't over
  - Schools continue to struggle with safety, staffing
- Enrollment
  - 25,600 decrease from FY21 (3%)
  - Contributes to modest increases
  - Is enrollment an accurate predictor of costs in this environment?

# Budget Doesn't Fully Fund the Blueprint

K-12 funding cuts (relative to Blueprint for Maryland's Future baseline) and tax cuts in governor's FY 2023 budget

■ Baltimore City   ■ Prince George's County   ■ Statewide Programs  
■ Income Tax Cut   ■ Eliminate Business Filing Fees

## Education Cuts



## Tax Cuts

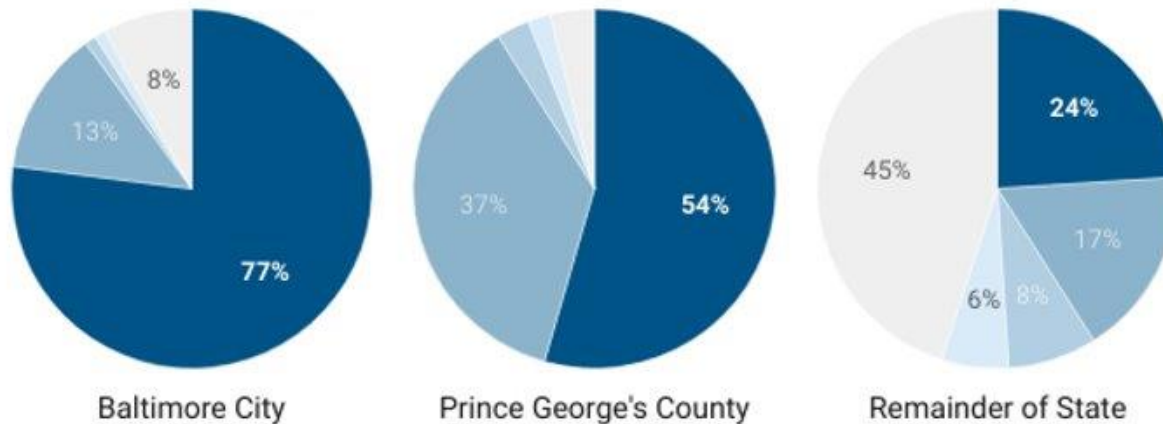


Chart: Maryland Center on Economic Policy • Source: Department of Legislative Services Fiscal Briefing • Created with Datawrapper

# Budget Doesn't Fully Fund the Blueprint

Racial/ethnic composition of Maryland school districts, 2019–2020 school year

■ Black ■ Latinx ■ Asian ■ All Others ■ White



*"All Others" category includes American Indian, Native Hawaiian/Pacific Islander, and multiracial students. All race categories exclude Latinx students. Latinx students may belong to any race.*

Chart: Maryland Center on Economic Policy • Source: MDCEP analysis of National Center for Education Statistics enrollment data. • Created with Datawrapper

# State Employees

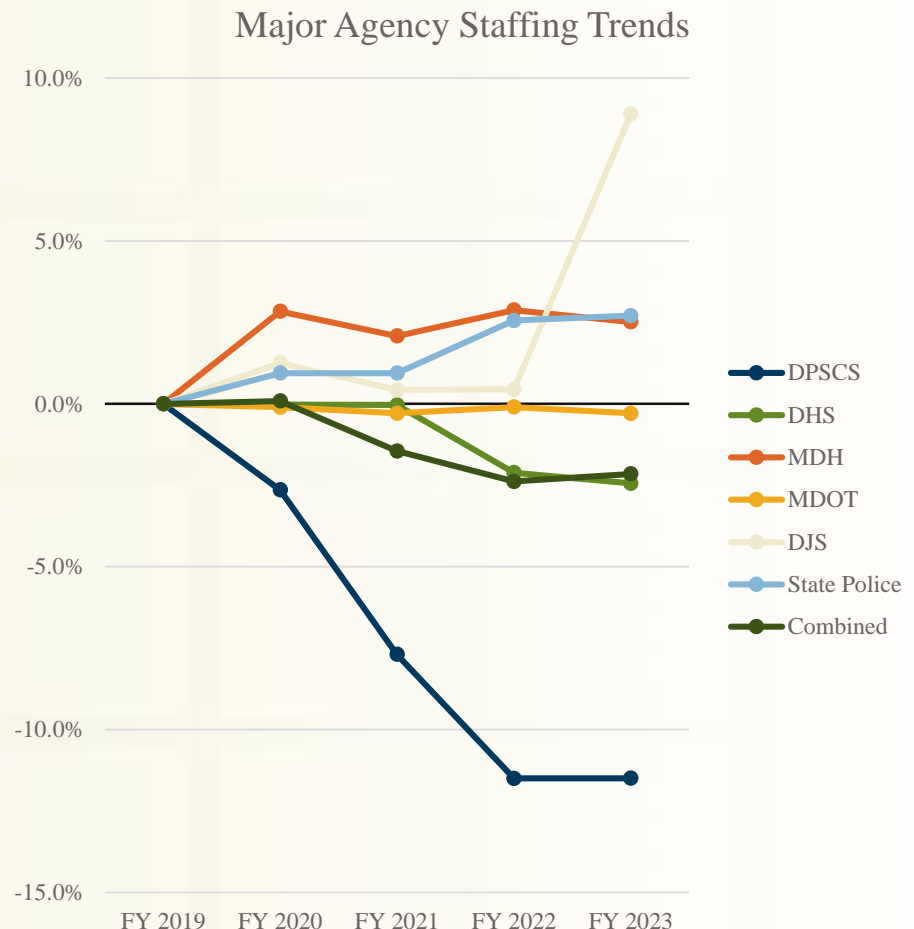


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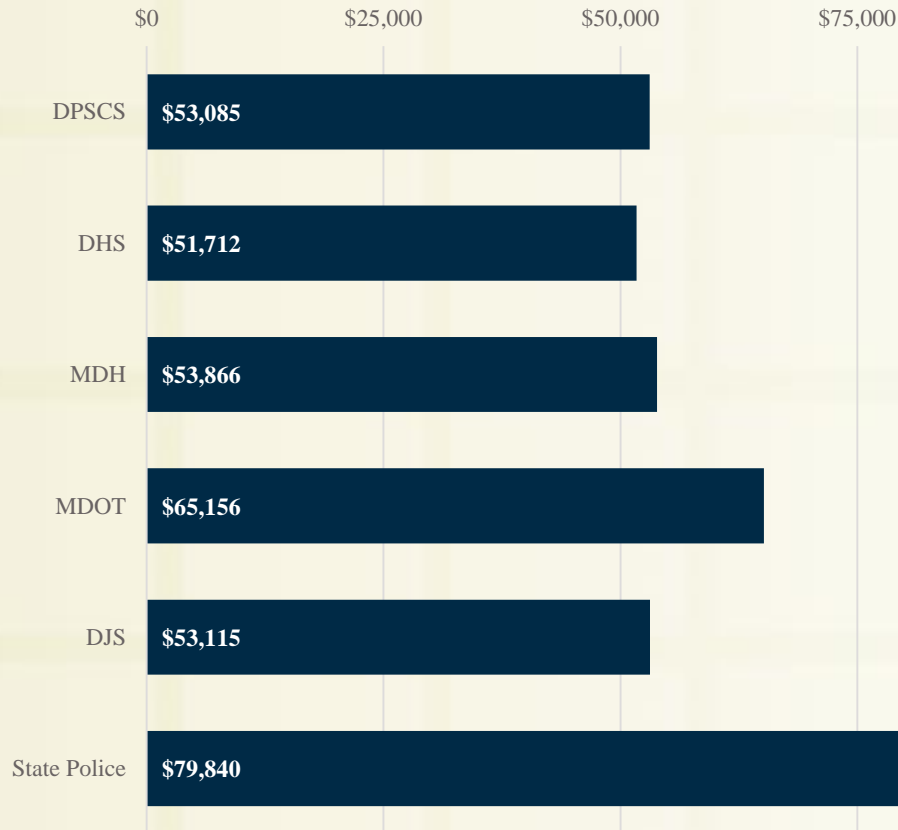
# Budget Doesn't Address Staffing Crisis

- Total executive branch staffing: 48,300
- +85 from FY 2022
- **-2,800 from FY 2015!**
- Human Services, Labor **slightly down**
- No change at DPSCS (prisons), but long-term downward trend **exceeds** decline in incarceration
- Unemployment agency: **No change**
- Understaffed disability-focused workforce agency **down slightly**

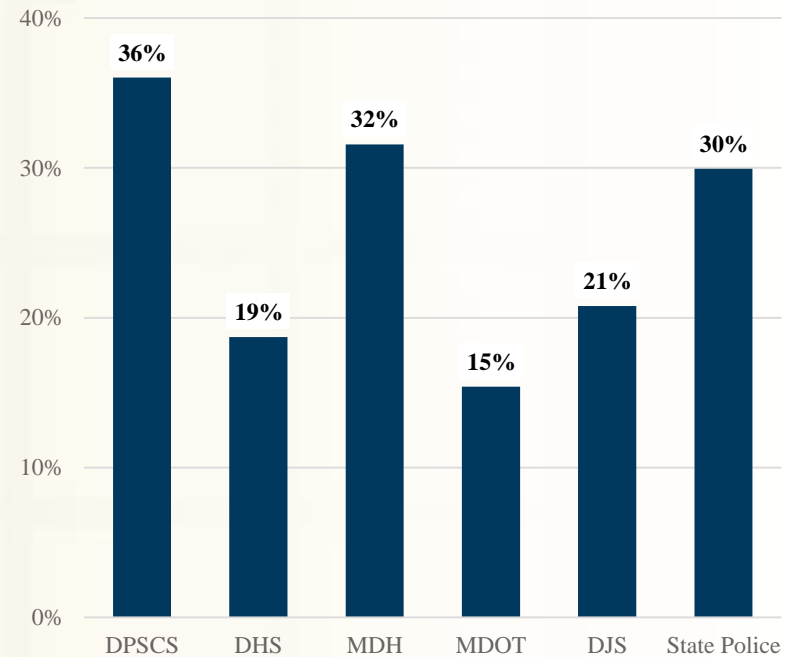


# Some Progress on State Employee Pay

FY23 Median Pay at Major State Agencies



% Change in Median Pay at Major State Agencies, FY19-23  
Not adjusted for inflation.



# Public Safety





# Public Safety Proposals

## *Governor Spending More on Local Police, Crime Prevention*

### **Fundings is total over 3 fiscal years**

- Police Aid
  - **\$138M** to local police departments
- Salary Enhancements
  - **\$191M**
- Police Scholarships
  - **\$30M** as appropriated by the Maryland Police Accountability Act
- Police Accountability Resources
  - **\$24M** per Maryland Police Accountability Act
- Neighborhood Safety grants
  - **\$30M**
- Victim Services and Victims of Crime Act Providers
  - **\$37M** (**\$19.8M** in federal funds) to support VOCA programs
- Law Enforcement capital
  - **\$51M**

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