

# THE WEEKLY WHIP

TUESDAY, JANUARY 23, 2007

## A QUICK LOOK AT THE FY '08 BUDGET

In a letter introducing the FY 2008 budget, Governor O'Malley made the following observation:

“Maryland’s budget is one of the clearest reflections of our values as a state. By directing where we will invest limited tax dollars, we make clear our priorities as a society – and reveal our collective wisdom about how we make Maryland stronger.”

The budget reflects our values by funding key priorities:

- Education
- Public Safety
- Environment
- Healthcare
- Transportation
- Jobs & Economic Development

**The FY '08 budget grows modestly in comparison to recent budgets.** The budget increases only 2.5% over FY '07, and has a lower rate of growth than 9 of the last 10 budgets. Perhaps most importantly, the budget grows at a rate *below* the spending affordability cap set by the General Assembly.

**The FY '08 budget saves for the future.** The Rainy Day Fund balance will be \$674 million, 5% of General Fund revenue at the end of the fiscal year. The budget also sets aside \$100 million for retiree healthcare costs.

**The FY '08 budget maintains resources for open space and transportation.** The budget fully funds Program Open Space and other land preservation programs, and the Transportation Trust Fund is used *only* for transportation.

## DATES TO REMEMBER

- January 23 – Bill request guarantee date
- January 31 – Governor delivers “State of the State”
- February 1 – Election of the State Treasurer
- February 9 – House bill introduction deadline

## K – 12 EDUCATION

Increases aid for K – 12 education to \$5.2 billion (22% of the operating budget). Funding increases by \$680 million (15%) this year, the largest increase ever for school aid. The budget also funds teacher pension enhancements enacted last year.

Commits \$400 million for school construction – the largest amount ever provided in a single year.

## HIGHER EDUCATION

Freezes in-state tuition at University System of Maryland campuses and Morgan State University.

Increases community college funding by \$38 million (18%), and provides \$69 million in capital funds for community college – the largest amount ever.

Expands funding and financial aid for historically black colleges and universities, including an additional \$4.3 million for Morgan State University to support new faculty, equipment and library materials.

## PUBLIC SAFETY

Enhances supervision of sexual predators with \$1 million for improved monitoring and \$984,000 to assist local law enforcement agencies with sex offender registration and community notification.

Improves security at correctional facilities with \$6.7 million for 155 new correctional officers and \$6.1 million for improved security equipment.

## ENVIRONMENT

Fully funds open space and land preservation, with \$177 million for Program Open Space, \$70 million for agricultural land preservation, and \$26 million for Rural Legacy.

Enhances Chesapeake Bay restoration programs, with \$98 million for nutrient removal from wastewater treatment plants, and funds for cover crops, septic and sewer upgrades, and agricultural cost sharing programs.

## HEALTHCARE

Expands funding for stem cell research by \$10 million.

Serves seniors and vulnerable populations with funding for low income Medicare beneficiaries to assist with out of pocket prescription costs, to help developmentally disabled young adults transition from public school educational programs, and to reduce infant mortality. Also restores medical assistance funding for women and children who are legal immigrants.

Strengthens healthcare provider networks with \$40 million to increase Medicaid reimbursement rates, \$40 million to improve hospitals and community health facilities, and \$9 million for the Nurse Support Program to address the state's nursing shortage.

## TRANSPORTATION

\$ 1 billion for highway projects.

\$323 million for public transportation projects.

\$124 million for improvements at the Port of Baltimore.

\$119 million for airport projects.

## JOBS & ECONOMIC DEVELOPMENT

Helps businesses grow and create jobs with \$70 million for business development programs, including \$20 million for small and minority-owned businesses.

Includes \$6 million in capital funding for Neighborhood Business Redevelopment programs, \$4 million for rural broadband, \$2 million for the Sunny Day Fund, and \$1 million for the new no-interest business loans for disabled veterans and military reservists.

Supports technology development with \$5 million for tech transfer / development and incubator programs, and \$5 million in capital funding for the East Baltimore Biotechnology Park.

## CABINET APPOINTMENTS

The Governor announced the following appointments to his cabinet:

John M. Colmers, Dept. of Health & Mental Hygiene

T. Eloise Foster, Dept. of Budget & Management

John R. Griffin, Department of Natural Resources

Richard E. Hall, Department of Planning

Gary Maynard, Dept. of Public Safety & Corrections

John D. Porcari, Department of Transportation

Shari T. Wilson, Department of the Environment

## GOVERNOR ANNOUNCES PRIORITIES

The O'Malley-Brown administration introduced 13 bills that would specifically:

- Phase in the Geographic Cost of Education Index (GCEI) between FY 2009 – 2011.
- Establish an in-state tuition freeze at University System of Maryland campuses and Morgan State University in the 2007-2008 academic year.
- Expand healthcare coverage for children and dependents under 25 on parents' healthcare policies.
- Establish a BRAC sub-cabinet under the leadership of Lt. Governor Brown.
- Create a Life Science Advisory Board in DBED to develop a strategic plan to encourage life science companies to invest and grow in Maryland.
- Prohibit the creation of new ground rents on residential properties. The administration will continue to work on efforts to improve notice to homeowners, encourage the redemption of existing ground rents, and reform the ejection process.
- Establish a Universal Vaccine Purchasing Task Force to expand access to vaccines.
- Establish a task force on physician reimbursement to find solutions to strengthen the state's healthcare provider systems.
- Create *StateStat*, modeled on Baltimore City's successful *CitiStat*, to measure performance and make state government more accountable and efficient.
- Establish funds to assist in reimbursing nursing homes for their services.
- Invest in oyster restoration projects, increase penalties for oyster poaching and allow for the lease of Bay bed for oyster restoration purposes.
- Promote "clean cars," by joining 11 other states in adopting stricter pollution emission standards for automobiles.
- Increase negotiating authority for state workers.