

**Brinkley/Pipkin
Alternative Budget Proposal
SB 1004**

Yes We Can

Brinkley/Pipkin Alternative Budget Proposal SB 1004

The two key goals of the alternative budget plan are as follows:

- Make significant progress this year in addressing the underlying imbalance between State revenues and spending**
- Avoid tax increases in future years by laying the groundwork to bring State spending in-line with the existing revenue stream over a multi-year period**

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Key Ideas

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Everything Is On the Table

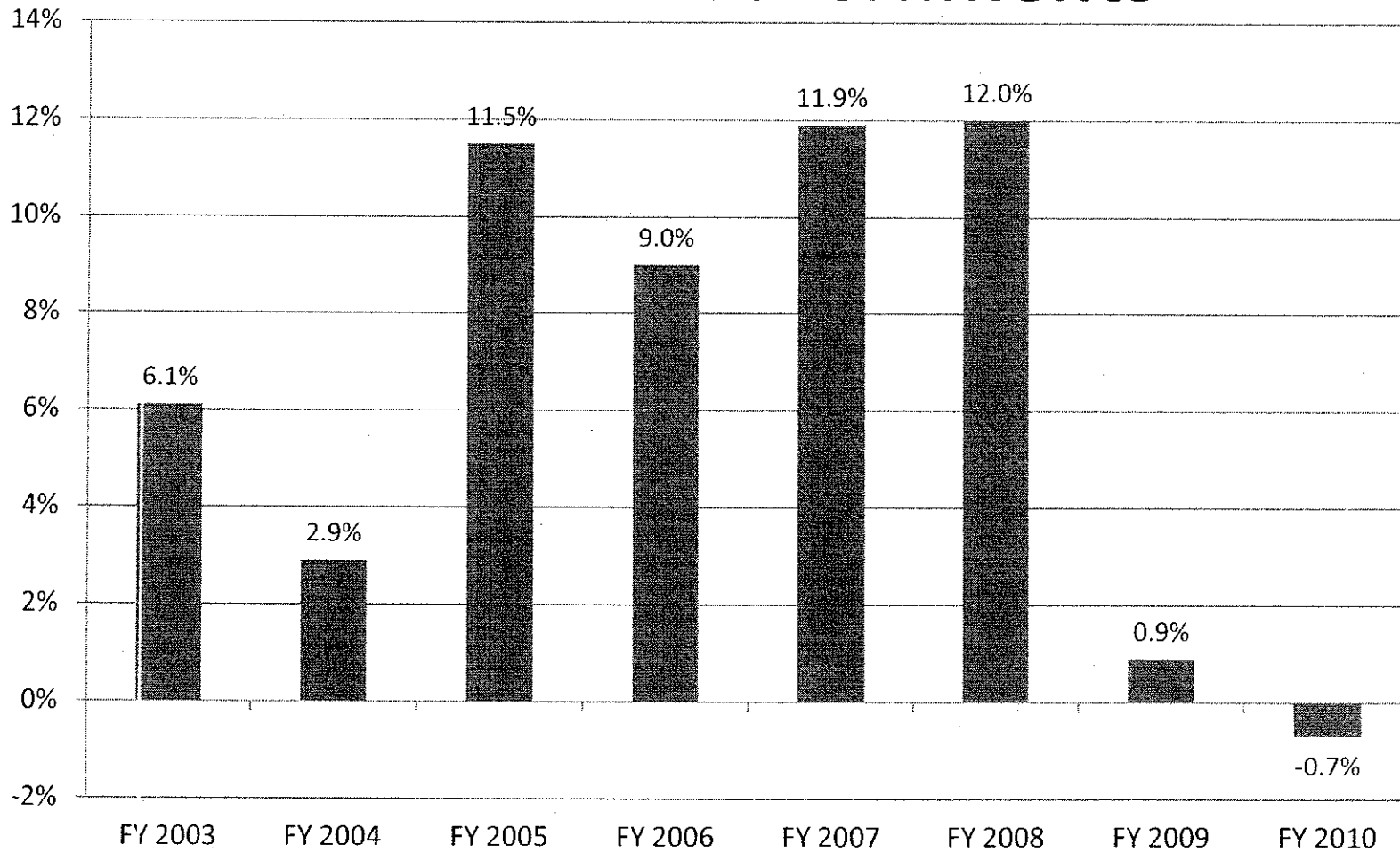
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**Eliminate Built-In
Spending Increases**

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**Counties Share in
the Budget Solution**

Annual Growth in State Aid to Local Governments



Source: 2009 90-Day Report

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Key Areas

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Education

Highlights:

- Delete GCEI
- Share teachers retirement with the counties 50%/50%
- Fund USM Institutions and Morgan at FY 2007 level
- Level-fund Community College formula
- Reduce Sellinger funding (grants to in-state private universities)

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State Government Reforms

Highlights:

- Administrative Efficiencies
- Medicare Part D
- Increase employee retirement contribution
- Reduction of workforce by 1%

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Transportation

Highlights:

- Increase fare box recovery to 50%
- Reduce WMATA subsidy
- Increase aid for roads to local governments

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What Does This Mean?

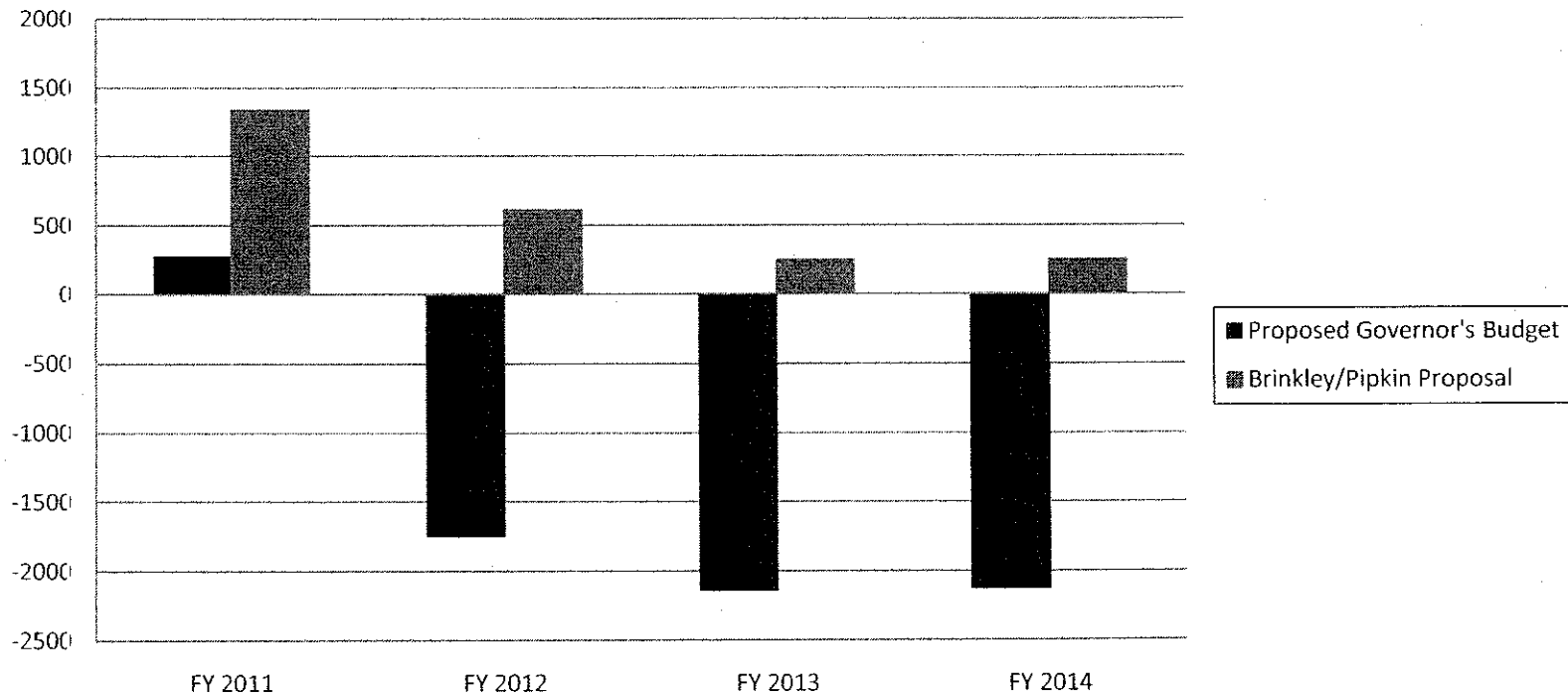
**Current Revenues Catch-Up with Spending
and Bring Ongoing Spending and Revenues
into Balance**

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Surplus After Brinkley/Pipkin Alternative Budget Proposal				
(\$ in millions)	FY 2011	FY 2012	FY 2013	FY 2014
Governor's Projected Budget Shortfall – DLS Forecast	274	-1,750	-2,141	-2,130
Additional Fund Balance Relative to Current Forecast		1,066	615	248
Ongoing Expenditure Reductions/ New Revenues after Brinkley/Pipkin	1,066	1,224	1,624	1,911
Additional Spending Constraint – Per Brinkley/Pipkin		75	150	225
Revised Surplus After Brinkley/ Pipkin	1,340	615	248	253

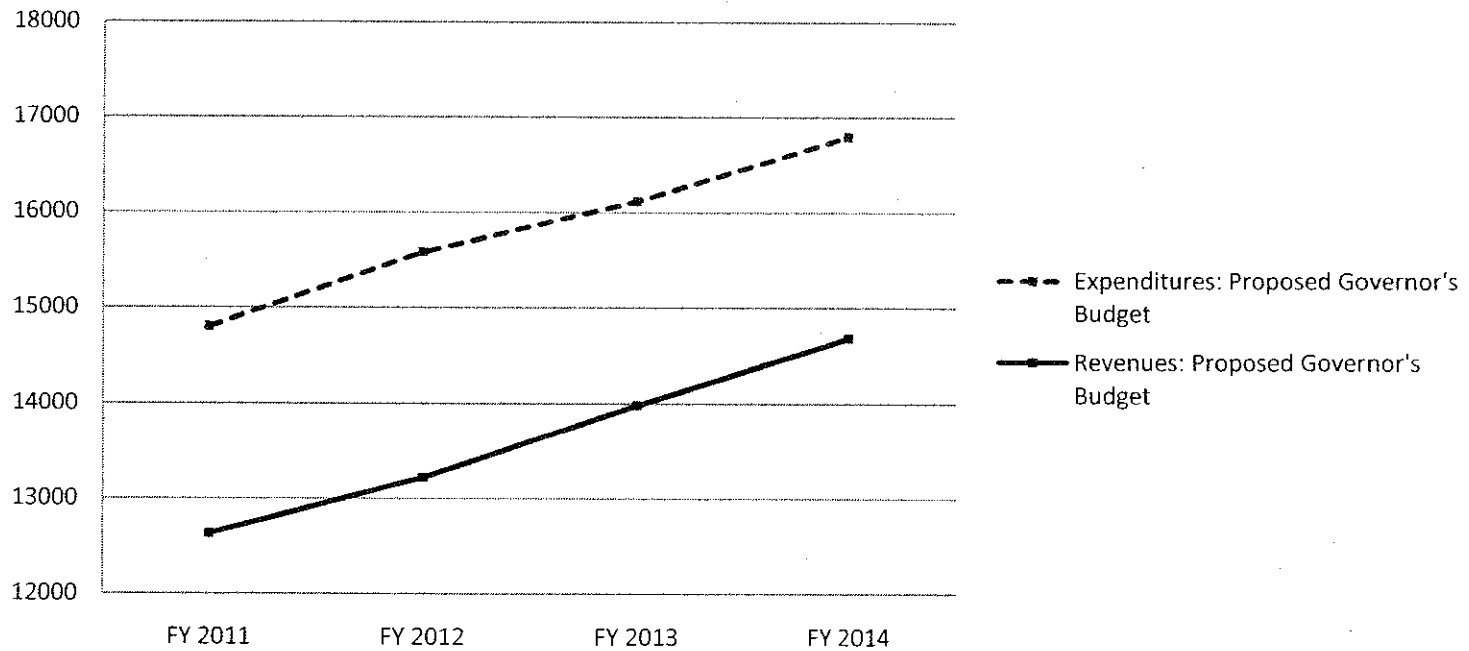
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Brinkley/Pipkin Proposal
(\$ in millions)



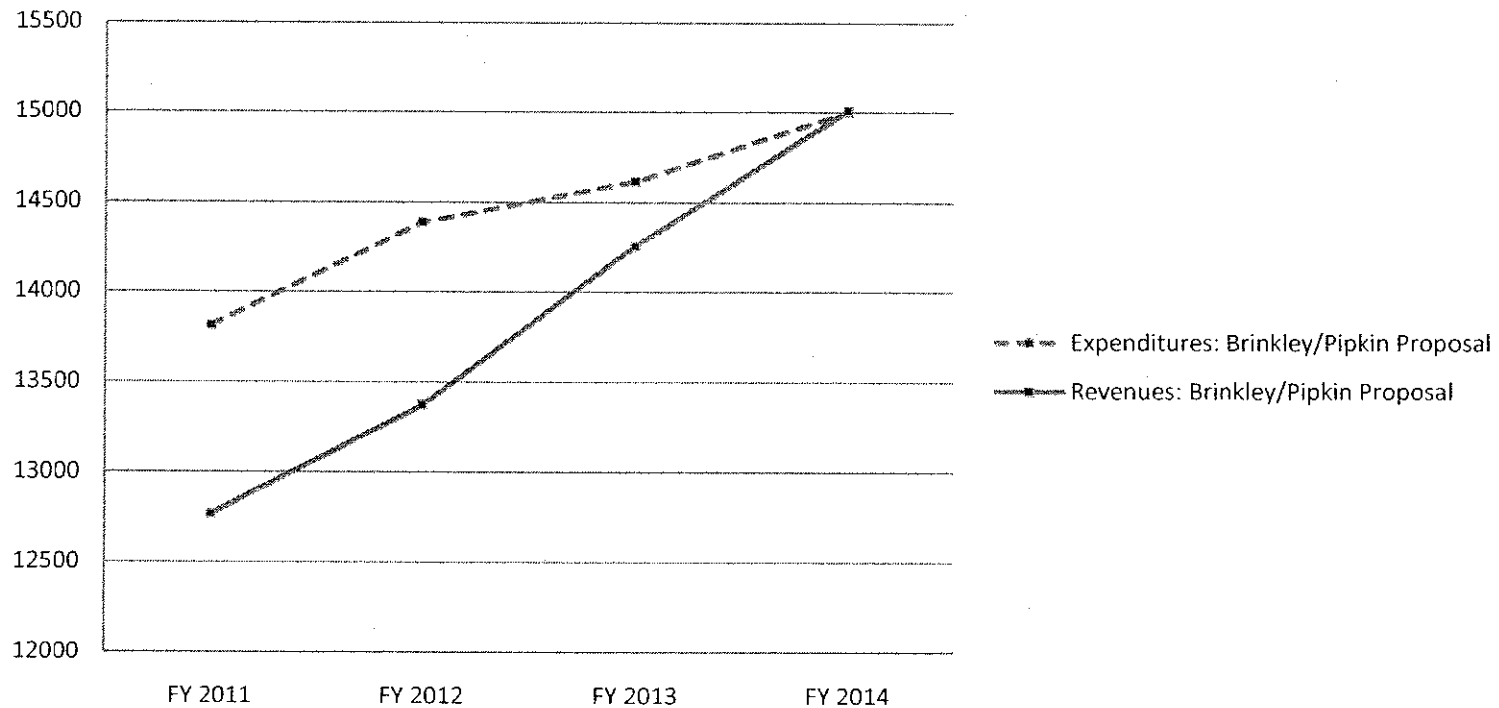
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Governor's Proposed Budget:
Expenditures/Revenues
(\$ in millions)



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Brinkley/Pipkin Proposal:
Expenditures/Revenues
(\$ in millions)



Alternative Budget Plan General Fund Impact (\$ in Millions)

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Estimated Balance	274.0	-1,750.0	-2,141.0	-2,130.0
Additional Balance		1,065.9	614.5	247.7
Additional General Fund Revenues				
Return Sales Tax from MDOT to the General Fund	104.1	110.3	229	293.4
No Monies to Chesapeake 2010 Fund -- Shift Revenues to General Fund	20.0	43.5	44.9	46.3
Additional Transfer from University System of Maryland Fund Balance	<u>10.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
	134.1	153.8	273.9	339.7
Additional General Fund Expenditure Savings				
Fund USM Institutions and Morgan at FY 2007 State Support Per Student	46.4	108.0	147.9	190.4
Consolidate UMBl and UMCES with USM Institutions	7.4	7.4	7.4	7.4
USM Hagerstown -- Provide Same Per Student Support as Shady Grove Center	1.0	1.0	1.0	1.0
St. Mary's College -- Level Fund -- No Automatic Inflation	0.2	0.4	0.6	0.8
Sellingier Formula -- Level Fund at \$717 Per Student - Exclude Hopkins	13.0	12.7	19.5	27.7
Community Colleges -- Level Fund at \$2,050 Per Student	0.0	-8.3	17.5	46.2
Eliminate Grant to City Stemming from 1996 Change to Highway User Formula	2.6	3.1	3.1	3.1
Cap Disparity Grant at \$75 Million	22.0	46.4	46.4	46.4
Level Fund Police Aid at \$45.4 Million (Extends BRFA Cap Beyond FY 2012)	0.0	0.0	20.7	21.4
Special Crime Grants -- Eliminate	20.6	20.6	20.6	20.6
Require Counties to Fund Circuit Court Law Clerks	8.4	8.7	9.1	9.4
Level Fund Health Formula Grants at \$37.3 Million (Extends BRFA Cap)	0.0	0.0	4.5	4.7
Delete Geographic Cost of Education Index Funding Formula	126.6	126.7	128.8	131.4
Education Aid Formulas -- No Automatic Inflationary Increases	2.2	20.2	91.4	170.8
Require School Boards to Fully Fund Seed School	6.0	8.0	10.0	10.0
Eliminate Quality Teachers Incentive and National Board Certification Stipends	5.2	5.2	5.2	5.2
Reduce Funds for Judy Hoyer Centers by 50%	5.3	5.3	5.3	5.3
Share Teachers Retirement with Counties 50%/50%	450.2	478.2	519.5	564.1
Baltimore City & Ocean City Convention Centers - No General Fund Subsidy	5.4	5.4	5.4	5.4
Reduce Foster Care Provider Rates by 3%	4.9	4.9	4.9	4.9
Critical Areas Commission -- Eliminate	2.1	2.1	2.1	2.1
Eliminate Prevailing Wage Unit	0.7	0.7	0.7	0.7
No Grants for Stem Cell Research	12.4	12.4	12.4	12.4
Reduce Arts Council Grants by 50%	6.6	6.7	6.8	6.9
Eliminate 500 Executive Branch Positions	20.0	21.0	22.0	23.0
Administrative Efficiencies -- Agency Operations Costs/Consolidations	65.0	66.0	67.0	68.0
Require Medicare Eligible Retirees to Participate in Medicare Drug Plan (Part D)	66.0	70.6	75.6	80.9
Increase Employees Retirement Contributions from 5% to 7%	87.8	91.3	95.0	98.8
Additional Actions to Constrain Spending	<u>0.0</u>	<u>75.0</u>	<u>150.0</u>	<u>225.0</u>
	987.9	1,199.7	1,500.3	1,793.9
Modifications to Budget Reconciliation and Financing Act (SB 141)				
No Diversion of Moving Violations Revenue from Fire & Helicopter Funds	-4.0	-2.0		
Maryland Mined Coal Tax Credit Not Repealed Early	-4.5	-4.5		
No Transfer from Injured Workers Insurance Fund Reserves	-20.0		-6	-6
Partially Restore Highway User Grants to Counties & Municipalities	-50.0	-50.0		
Continue Automatic Transfers from State's Central Collection Unit	<u>22.4</u>	<u>1.7</u>	<u>6.0</u>	<u>8.1</u>
	56.1	54.8	0.0	2.1
Balance	1,339.9	614.5	247.7	253.4
Additional Budgetary Actions	1,065.9	1,298.6	1,774.2	2,135.7

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Questions?

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