



MB&TPI FACT SHEET

Fiscal Year 2011 Budget Outlook

January 4, 2010

- Due to the weak national economy, Maryland's estimated General Fund revenue for fiscal year is \$3 billion below the levels forecast in early 2008.
- To rebalance the budget in the face of declining revenues, the Governor, Legislature and Board of Public Works have made over \$4 billion in cuts since 2007, including \$1.1 billion to the current 2010 budget since its enactment in April.
- Almost all projected budget growth is in Medicaid coverage and teachers' retirement.
- Current estimates project a \$2 billion shortfall in the General Fund.

General Fund Forecast

	\$Billions
Beginning balance	\$0
Transfers	\$0.2
Revenues	\$12.7
Total Sources	\$12.9
Expenditures	-\$14.9
Ending Surplus/(Deficit)	-\$2.0

Process:

January 20 – Governor submits proposed balanced budget to Legislature.

February, March – Legislative committees hold hearings and make recommendations on budget items. In general, the legislature may reduce but may not add to amounts proposed by the Governor. The Governor may submit one or more supplemental budgets. In the event Congress authorizes extensions of Recovery Act funding to states, these funds could be included in supplemental budgets.

Mid-March – Bureau of Revenue Estimates prepares revised revenue projections.

April 5 – Constitutional Date for passage of balanced budget.

July 1 – beginning of fiscal year 2011

Spending Affordability Recommendations

- Not binding, but usually used to guide legislative action.
- No increase in ongoing expenditures from state funds. Requires \$1 billion in reductions from estimated expenditures.
- Prudent use of Rainy Day Fund. Only as last resort and as part of a multi-year program to achieve structural balance.
- No increase in state employment.

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Projected revenues (all funds) Total \$30 billion

	\$billions	% of total	Use
Federal (not recovery)	\$7.3	25%	Dedicated
Income Tax	\$6.3	21%	General
Sales Tax	\$3.7	12%	General
Higher Education	\$3.4	12%	Dedicated
Transportation	\$2.3	8%	Dedicated
Recovery Act	\$0.9	3%	Partly Dedicated
State Property Tax	\$0.8	3%	Dedicated-debt service
Corporation tax	\$0.7	2%	Partly Dedicated
Others	\$4.3	14%	Partly Dedicated

Projected expenditures (all funds) Total \$32 billion

	\$billions	% of total	Principal Source
Public Schools	\$6.5	20%	General
Medicaid	\$5.6	17%	Federal/General
Higher Education	\$4.6	14%	Dedicated/General
Transportation	\$3.9	12%	Dedicated
Other Health	\$2.6	8%	General
Social Services	\$2.0	6%	Federal/General
Public Safety	\$1.8	6%	General
Other	\$5.3	17%	Various

Sources: Board of Revenue Estimates, Department of Budget and Management,
Department of Legislative Services

About the Maryland Budget & Tax Policy Institute

The Maryland Budget and Tax Policy Institute is a nonpartisan research organization that provides timely, accurate and accessible analysis of state budget and tax issues. In addition to general budget and tax research and analysis, the Institute examines issues affecting low-income Marylanders and other vulnerable populations and the important community programs that serve them. For additional information, to be added to our e-mail list, or to make a tax-deductible contribution, please visit our website at www.marylandpolicy.org.

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