

# Budget Overview

- Since Governor O'Malley took office, State spending has been reduced by \$3.5 billion and over 2,700 positions have been eliminated.
- According to a recent Rockefeller Institute report, 45 of 50 states experienced revenue declines in the first quarter of CY 2009 – the 11.7% overall drop in state revenues is the sharpest decline on record.  
(<http://www.stateline.org/live/details/story?contentId=413449>)
- As a result of the continuing revenue declines:
  - Maryland will close FY 2009 with a smaller fund balance than originally anticipated, and
  - A budget shortfall of more than \$700 million is projected for FY 2010.



# Budget Overview

- **Governor O'Malley will propose \$700-\$750 M of budget actions by Labor Day.**
  - **Over \$280 million of budget actions planned for July 22nd BPW meeting. Initial actions focus on State agency budgets.**
  - **Subsequent rounds of cost containment will include more agency reductions, aid to local governments, and employee compensation.**
  - **No reductions to K-12 education are planned.**
  - **Combined with earlier actions, these FY 2010 reductions will bring the total cuts to State spending under the O'Malley-Brown Administration to more than \$4 billion and over 2,800 positions.**



# Notable Cost Savings Proposals

- **\$75 M due to enhanced federal Medicaid match**
- **\$34 M from reductions in Medicaid payments to hospitals, nursing homes, managed care organizations, & other health care providers**
- **\$40 M of higher education savings related to USM, Morgan, and aid to private colleges**
- **\$3 M (20%) reduction to stem cell funding – leaves \$12.4 million**
- **\$10 M from assigning interest earned on special fund balances to general fund**
- **\$5.5 M cut from lottery advertising budget**



# More Efficient Government

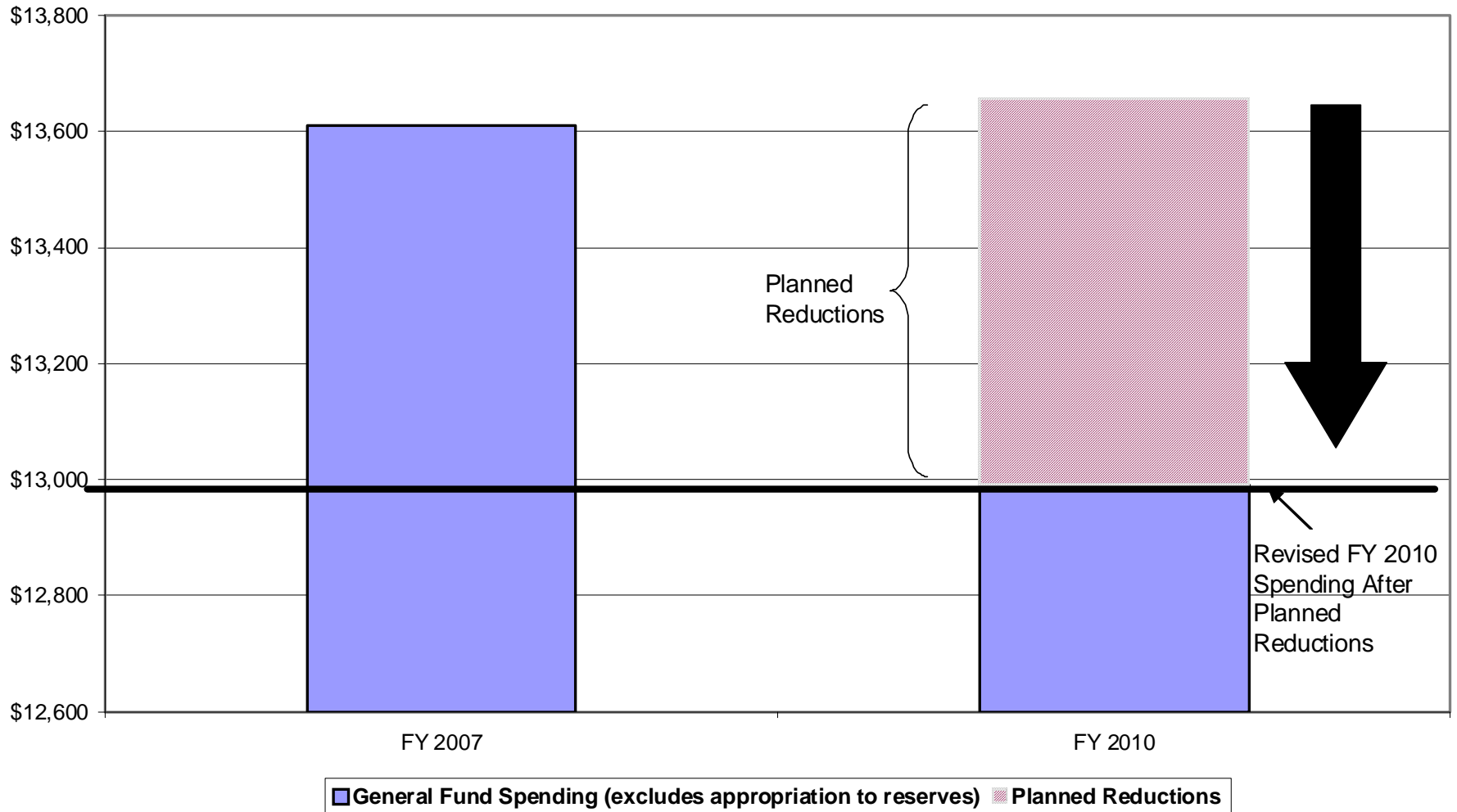


- **Close State Police print shop (\$200,000)**
- **Renegotiate office space leases & reduce leased space (\$3 M)**
- **Rebid State Energy Contracts (\$2.5 M)**
- **Reduce or eliminate spending on various state contracts (\$5.8 M)**
- **Reduce use of high cost drugs in State hospitals when equally effective less expensive alternatives are available (\$1.2 M)**
- **Cancel encumbrances from FY 2008 & Prior Years (\$10 M)**
- **Reversions from Judiciary (\$3.5 M) and General Assembly (\$3 M)**
- **Abolish 39 filled and 18.5 vacant positions**

# General Fund Spending Has Declined Under O'Malley-Brown Administration

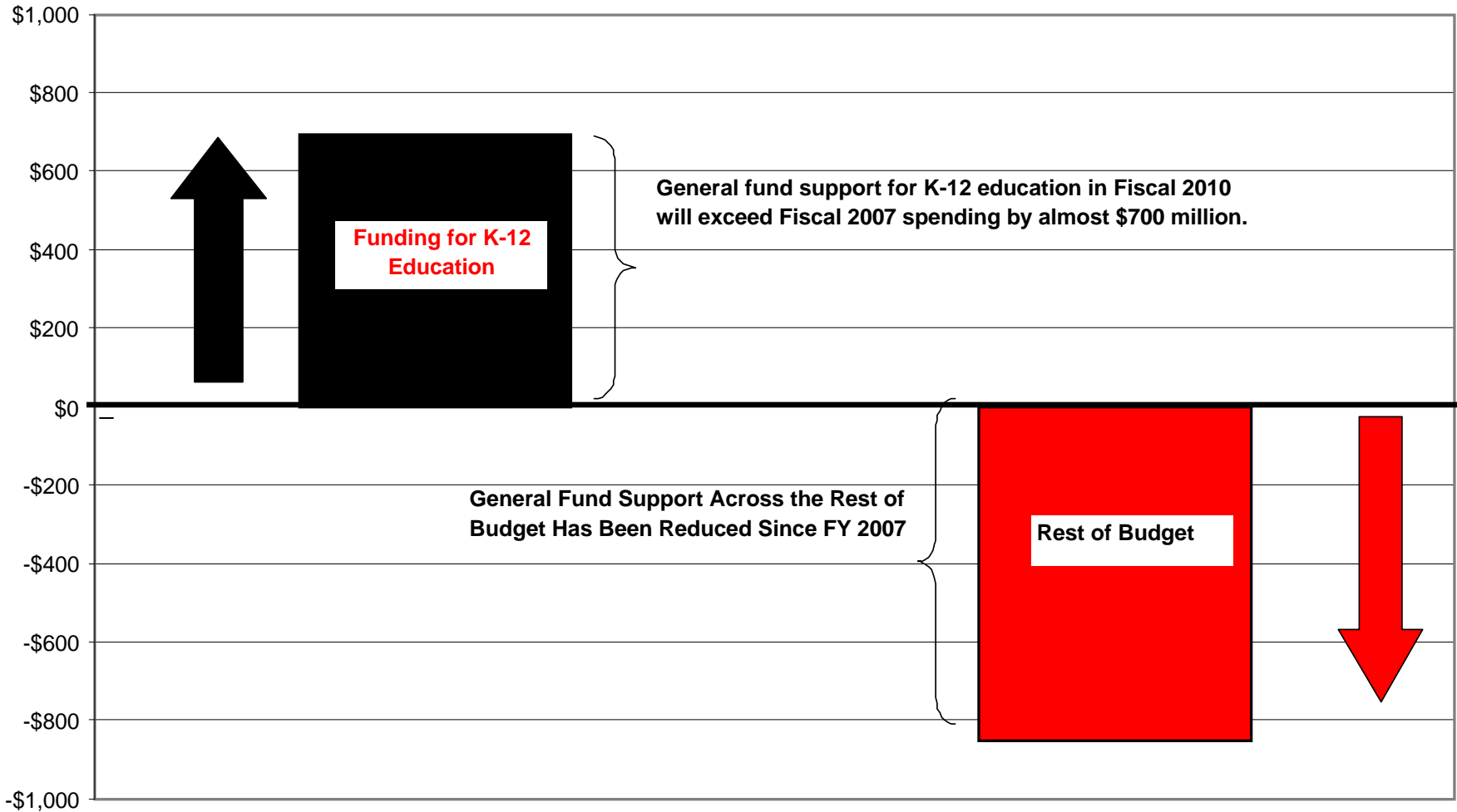
## Spending for FY 2010 Lower than FY 2007

\$ in Millions



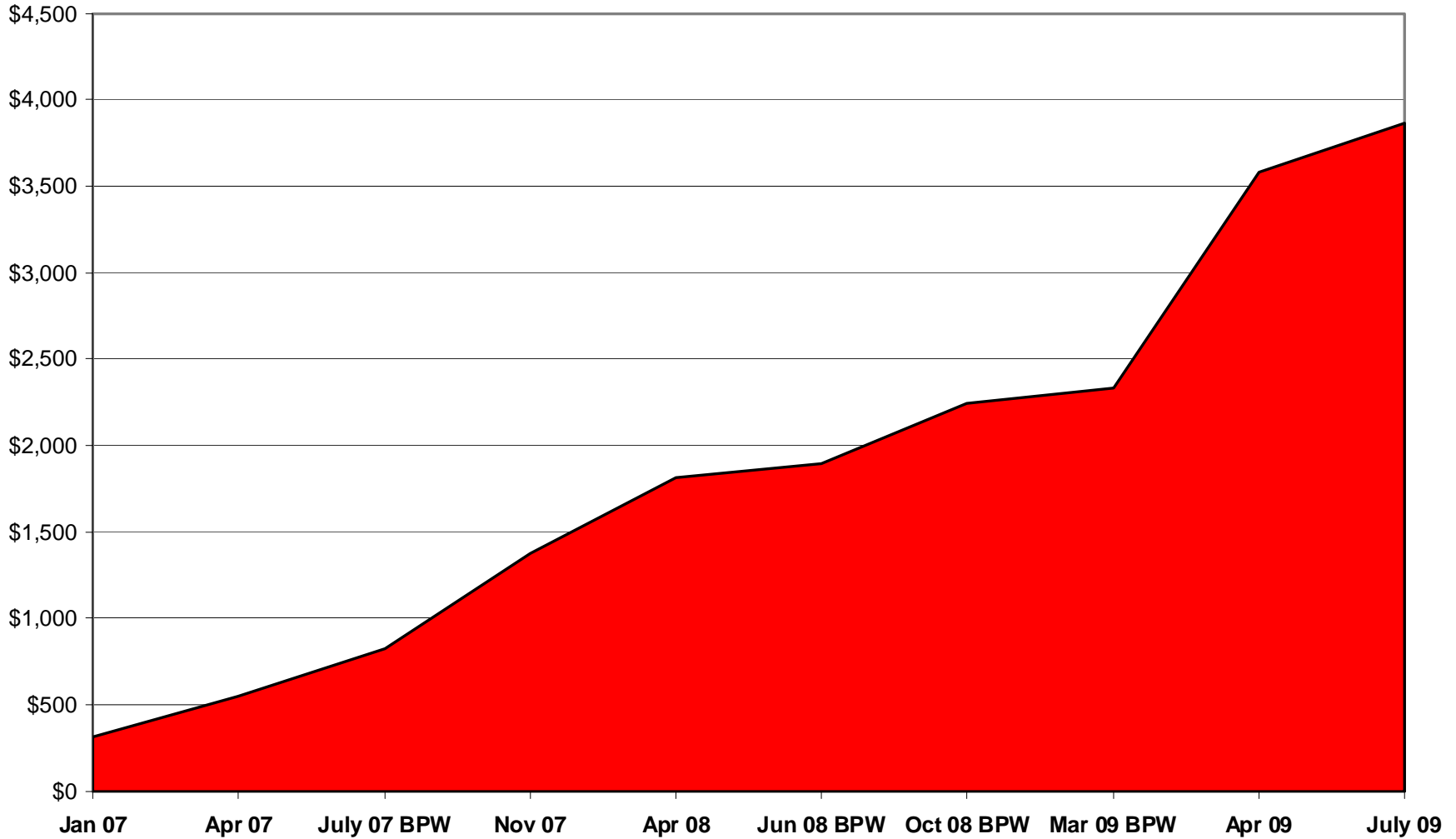
# O'Malley-Brown's Top Priority: Support for Maryland's #1 Ranked Public Schools

\$ in Millions



# Cumulative Budget Reductions During O'Malley-Brown Administration

\$ in Millions



**81% of General Fund Spending Supports Education, Health, and Public Safety**  
**FY 2010**  
**\$ in Millions**

