

**MAJOR REDUCTION ITEMS
FY 2008 BUDGET**

<u>Item</u>	<u>Reduction Recommended</u>	<u>General Fund Amount</u>	<u>Positions</u>
Department of Health and Mental Hygiene			
Hospital Day Limits	Continue day limits for all of fiscal 2008 instead of for just half a year as was provided for in the FY 2008 budget.	17,200,000	
MCO Rates	No planned calendar 2007 mid-year adjustment	4,450,000	
MCO Rates	The reduction for the midyear adjustment in hospital rates for Calendar Year (CY) 2007 can be taken for the first six months of CY 2008 also since the estimate for that period in the budget was based on a higher cost assumption.	2,220,000	
MCO Rates	Reduce MCO rates by 1% for the rest of Calendar Year 2007.	4,100,000	
Medicaid Cost Estimates	Reduce rate increase for some providers based on lower-than-expected medical inflation.	1,500,000	
Employed Individuals with Disabilities Program	Assume average enrollment of 500 rather than 1,535 assumed in budget due to stalled expansion efforts (currently 104 enrollees)	4,400,000	
Nursing Home Rates	Reduce nursing home rates 1.2% contingent upon approval of quality assessment fee.	4,300,000	
HIV Drugs	Carve-out specific HIV drugs from the MCO formulary	1,500,000	
DDA Program Absences	Limit absences from programs for which DDA pays to no more than 60 days rather than 90 days	1,262,115	

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Anti-psychotic Drugs	Include anti-psychotic drugs on preferred drug list starting January 1, 2008. This represents a 1.3% reduction in total Medicaid pharmacy costs.	1,200,000	
Chronic Hospital Pharmacy expenses	Savings realized from Medicare Part D	427,000	
Holly Center	Reduce expenses to reflect declining patient census	250,000	
Abolish Positions	Abolition of positions identified as no longer needed. 5 of the positions are described as middle management. 6 of the positions are filled. 6 are at Spring Grove Hospital	1,071,606	15.0
Vacant Positions	Abolish long-term vacant positions	486,928	10.0
Operating Reductions	Travel, turnover, postage, fleet, overtime etc.	1,551,561	
Administrative Efficiencies	Reduce administrative funding	750,000	
Agency Subtotal		46,669,210	25.0
Department of Public Safety and Correctional Services			
Division of Corrections	The Closing of House of Correction generates savings in overtime and the need for fewer positions	8,000,000	30.0
Division of Corrections	Renegotiate Per Diems for Federal Prisoners incarcerated in Maryland correctional institutions	3,000,000	
Agency Subtotal		11,000,000	30.0
Morgan State University			
Operational expenses	Hold five faculty positions vacant for year	500,000	

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Department of Human Resources			
Temporary Cash Assistance	Caseload expected to decline by 1,403	3,116,699	
Emergency Assistance to Families with Children	Replace General Funds with federal funds	3,189,088	
Welfare Avoidance Grants	Replace General Funds with federal funds	1,750,000	
Foster care	Foster Care caseload decline	2,000,000	
Additional vacancy savings	Vacancy rate of 7% exceeds budgeted turnover (5%)	1,257,330	
Operating expenses	Reduce other non-personnel costs	1,686,883	
Management reduction	Abolish three vacant management positions	88,533	3.0
Rent	Reduce rent items because full need is not likely to materialize	1,000,000	
Agency Subtotal		14,088,533	3.0
Department of Juvenile Services			
Contractual employees	Reduce funding by 10% to be consistent with current usage	477,400	
Vehicle operations	Reduce by 11%	258,413	
Management reduction	Abolish 1 vacant management position	44,846	1.0
Operating expenses	Reduce communications, travel, supplies equipment, special and technical fees, and funding for security contract at the Hickey School (375,000)	464,187	
Agency Subtotal		1,244,846	1.0

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University System of Maryland			
	1% reduction; University will determine the allocation of this reduction	12,000,000	26.0
Maryland State Department of Education			
Education Aid Formulas	Reduce appropriation for various aid programs to be consistent with mandated amounts	603,341	
Fund Swap	Substitute federal funds for general funds for the following programs: Early Childhood development and Student Family and School Support Services	291,926	
State Aided Educational Institutions	5% reduction to programs receiving more than \$20,000. Includes \$51,000 reduction to Baltimore Zoo	311,432	
Operational expenses	Reduce expenditures for conferences, vehicle fleet, supplies, contractual employees, etc.	2,022,049	
Education Aid	Reduce Funding for Children Out of County and for Schools Near County Boundaries. MSDE expects to revert \$800,000 from these programs this year.	800,000	
Maryland Mentoring Partnership	Eliminate funding used for administrative costs for program to mentor students, \$30 million of Federal Funds are available nationwide for this activity. MSDE should seek federal funds for this.	155,000	
Defer evaluation of Early Childhood Mental Health Program	Eliminate funds to evaluate program and to fund a contractual position for that purpose. Program is less than a year old and it is too soon to do an evaluation.	150,000	

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Quality Teacher Incentive Grants (Signing Bonuses)	The State provides signing bonuses depending on the quality of teachers as measured through GPA, placement , and advanced professional certification. Historically program has not spent all available funds because fewer teachers qualify for these bonuses than estimated in the budget. This year MSDE expects to revert \$1.1 million.	850,000	
Position Reductions	Abolish 21 vacant Headquarters positions.	1,131,269	21.0
Agency Subtotal		6,315,017	21.0
Library Capital Program			
County Library Projects Grants Program	Reduce funding for capital grants for local library projects by 10%.	225,000	
Children's SubCabinet Fund			
Community-based Services for Children	Reduce one-time funds. The FY 2008 budget includes \$16.5 million in new grant funding for Local Management Boards to serve mentally ill and developmentally disabled children. Of this amount \$10.5 million is for ongoing services. The remaining \$6 million is for a one-time funding pool that will be competitively awarded for new programs needed by the State. The proposed reduction would apply to the one-time funding and leave \$2 million for this one-time funding.	4,000,000	
Maryland State Police			

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Salary expenses	Hold positions vacant longer and reduce spending on travel, equipment, and gasoline. Reduction is less than 1% of the General Fund budget of the Maryland State Police	1,500,000	
Maryland Higher Education Commission			
Sellinger Formula	Reduce aid to non-public institutions of higher education by 4%	2,500,000	
Scholarships	Reduce scholarship aid by \$5.9 million due to availability of unspent funds from prior year	5,914,113	
Operational expenses	Miscellaneous savings	65,000	
Educational grants	Reduce MHEC funding for Professional Development Schools by 50%. Professional development for teachers would still occur at the colleges and universities that educate teachers and that the state already supports in addition to the funding remaining for this program after this reduction.	500,000	
Agency Subtotal		8,979,113	
Dedicated Purpose Account			
Prince George's Hospital Center	Funding to help close the Hospital in FY 2007 is no longer needed - FY 2008 Reversion to the Rainy Day Fund	20,000,000	
Office of the Public Defender			
Law Clerks	Reduce funding for contractual employees by 16%. Action will result in elimination of about 12 contractual law clerks	300,000	
Administrative reduction	Abolish one vacant position	32,914	1.0
Agency Subtotal		332,914	1.0

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Department of Natural Resources			
Management Efficiencies	Eliminate 2 assistant secretary positions, one administrative assistant, one communications position, and one geologist; reduce funds for vehicle replacement; and reduce monitoring surveys. Abolish 2 vacant management positions and one other vacant position.	863,270	8.0
Forestry	Eliminate both a forestry education position and a position devoted to forest fire suppression in urban counties. Local governments can handle this function.	123,072	2.0
Fund Swap	Substitute federal funds for general funds in the Corsica River project	110,000	
Agency Subtotal		1,096,342	10.0
Comptroller of Maryland			
Operating expenses	Reduce funds for computer and software purchases	250,000	
Lottery Agency			
Operating expenses	Lottery sales charges are less than budgeted. This will be a Special Fund Budget Reduction that will generate General Fund Revenue.	351,500	
Statewide Expenses			
Cost of Living Adjustment	Adjust based on legislative actions	750,000	
Department of General Services			
Operating expenses	Reduce overtime, defer new vehicle and equipment purchases	505,000	

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Critical Maintenance	Defer critical maintenance projects. Budget still contains \$5 million	2,000,000	
Management reduction	Abolish one vacant management position	55,460	1.0
New Parking Garage in Annapolis	The lease payments for FY 2008 will be paid from bond proceeds allowing these budgeted funds to be reduced.	1,568,867	
Agency Subtotal		4,129,327.0	1.0

Department of Business and Economic Development

Management Efficiencies	Eliminate four communications positions and one IT support position; eliminate direct support staff funding for Maryland Economic Development Commission; close two foreign offices; reduce marketing and operating expenses in Film Office. Eliminate three permanent positions (\$242,840) in foreign offices and reduce funding in foreign office locations (20,000), and technology councils grant funding (\$14,000)	1,141,319	8.0
Tourism	Reduce Office of Tourism spending on trade organization memberships (\$100,000) and reduce funds for Tourism Board by (\$485,868). Eliminate two positions (\$184,969) through internal streamlining without serious impacts on programming. Reduce advertising (\$50,000), Promotional Contracts (\$50,000).	870,837	2.0
Regional Development	Reduce operating expenses and grants	316,144	
Small Business Development Financing Authority	Reduce funding for financing programs. FY 2008 General Fund budget equals \$3.38 million before proposed reduction	500,000	

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Business Development	Reduction of Nano-Biotech Funds (\$100,000). This represents 4% of the funding in the budget.	100,000	
Agency Subtotal		2,928,300	10.0
Department of Assessments and Taxation			
Property Tax Credits	Recognize savings from lower than anticipated utilization of the Homeowners' Tax Credit	2,000,000	
Real Property Valuation Unit	Increase turnover from 4% to 4.9% since more positions will be vacant	300,000	
Agency Subtotal		2,300,000	
Baltimore City Community College			
Reduction in operating expenses	Reduce supplies, temporary staffing, and computer equipment	500,000	
Department of the Environment			
Management Efficiencies	Positions reassigned from administrative to programmatic functions to allow Special Funds to support; eliminate 1.5 vacant contractual positions. Reassign staff to perform programmatic activities and to qualify for federal and special funds; eliminate publications writer	453,246	1.0
Fleet	Reduce 5 vehicles, defer the replacement of 2 vehicles and use Special Funds in lieu of General Funds	90,150	
Management reduction	Abolish one vacant administrative position	35,038	1.0

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Coordinating Offices	Eliminate function of reviewing contested cases since function has been delegated to the Office of Administrative Hearings; re-assign position to non-general fund source. Duties no longer require FTE and will be performed by other staff.	80,172	
Regulation Coordination	Eliminate regulations coordination position due to automation of regulatory records	76,432	1.0
Agency Subtotal		735,038	3.0

Department of Agriculture

Conservation Grants	Reduce rate per ton for Manure Transport program (\$65,000) and reduce Nutrient Management Cost Share as more farm plans will be sent to University of Md for preparation or update (\$83,000)	148,000	
Pesticide Regulation	Eliminate all general funds in program and substitute special funds. Maximize the use of federal revenues.	82,829	
Electricity	Reduce expenses based on DGS estimate of FY08 rates	80,171	
Executive Direction	Eliminate Assistant Secretary for Policy function. Reclass position.	50,000	
Grants	Reduce funding of \$1,000 each for the Maryland Agricultural Statistics, Rural Maryland Council and Maryland Agricultural Education and Rural Development Assistance Fund (MAERDAF).	3,000	
Agency Subtotal		364,000	

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Department of Planning			
Tax Credit Program	Reduce funds for rehabilitation tax credits used to encourage historical preservation activity. This reduction of 2% will still leave \$14.7 million in the program.	300,000	
Museum Grant Program	Reduce grant program that funds Maryland's heritage museums. This represents a 6.6% reduction.	100,000	
Planning Services	Re-assign function that focuses on Chesapeake Bay watershed modeling. Function is better handled by DNR.	85,000	1.0
Management reduction	Abolish one vacant administrative position	44,846	1.0
Communications and Intergovernmental Affairs	Abolish graphic arts position by shifting to use of web-based graphic applications.	65,000	1.0
Agency Subtotal		594,846	3.0
Department of Budget and Management			
Computer Equipment- Replacement	Fund FY 2008 needs with FY 2007 funding.	410,000	
Finance and Administration	Delete long-term vacancy. Existing staff will absorb functions.	90,000	1.0
Agency Subtotal		500,000	1.0
Department on Aging			
Management Efficiencies	Eliminate 3 vacant positions; one unit head and two other staff positions.	250,000	3.0

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Maryland Technology Development Corporation (TEDCO)			
Maryland Technology Transfer Fund	Reduce the number of awards by three for early stage companies that are transferring technology from universities and federal labs in Maryland.	300,000	
Contingency Fund	This reduction will decrease the general funds that may be used to leverage federal funding.	80,000	
University Technology Development Fund	Eliminate one award that supports research efforts to commercialize university intellectual property and lead to potential start-up companies.	50,000	
University Patent Support Program	Reduce funding to support patents and disclosures by Maryland's universities	25,000	
Incubator Support Program	Decrease funding to the program	25,000	
Operating expenses	Reduction of TEDCO overhead.	20,000	
TEDCO Subtotal		500,000	
Office of the Attorney General			
Consumer Protection Division	Increased use of special fund balance to offset general funds. Funds come from increased consumer protection recoveries	300,000	
Management reduction	Abolish one vacant administrative position	44,846	1.0
Agency Subtotal		344,846.0	1.0

Governor's Office

<u>Item</u>	<u>Reduction Recommended</u>	<u>General Fund Amount</u>	<u>Positions</u>
Office of the Governor	Do not fill some vacancies as they occur in FY 2008	100,000	
Boards and Commissions	Decrease operating expenses and hold more positions vacant longer	100,000	
Agency Subtotal		200,000	
Department of Labor, Licensing and Regulation			
Financial Regulation	Realign two banking positions to Special Funded Mortgage Originator program	122,615	
Racetrack Operations	Reduce funding provided to racetracks for racing activities due to reduced schedule of racing days approved by the Maryland Racing Commission.	120,000	
Management Efficiencies	Abolish 6.4 positions and associated operating expenses	135,034	6.4
Agency Subtotal		377,649	6.4
Military Department/MEMA			
Facilities Maintenance	Defer critical maintenance and repair projects	350,000	
Management reduction	Abolish one vacant management position	44,846	1.0
Agency Subtotal		394,846	1.0
Maryland Stadium Authority			
Bond Proceeds	Utilize unspent construction bond proceeds from Montgomery County Conference Center to fund debt service	1,000,000	

State Board of Elections

<u>Item</u>	<u>Reduction Recommended</u>	<u>General Fund Amount</u>	<u>Positions</u>
Per Diems	Eliminate \$100 per diems for five State Board of Elections members	7,500	
Increase Turnover	Maintain additional vacancies	100,000	
Agency Subtotal		107,500	
Maryland Public Television			
Equipment Purchases	Reduce equipment purchases	150,000	
Department of Veterans' Affairs			
Veterans Home	Replace General Fund support with Federal Funds for the cost of care	500,000	
State Treasurer's Office			
Administrative expenses	Reduction of bank fees	51,000	
Department of Housing and Community Development			
Operating expenses	Reduced General Fund operating expenses	100,000	
Aid to University of Maryland Medical System			
Montebello at Kernan	Eliminate total FY 2008 increase	117,488	
Maryland State Archives			
Salary expenses	Fund position with special funds instead of general funds	100,000	
Commission on Human Relations			
Operating expenses	Defer filling vacant position in FY 2008 (\$69,504) and reduce operating expenses (\$30,496)	100,000	

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Secretary of State			
Operating expenses	Defer filling vacant contractual position in FY 2008 (\$35,571) and reduce operating expenses (\$14,429)	50,000	
Historic Saint Mary's City Commission			
Operating expenses	Defer filling contractual positions in FY 2008 and reduce operating expenses	80,000	
Office of the State Prosecutor			
Operating expenses	Reduce operating expenses	5,000	
Office of Administrative Hearings			
Management Efficiencies	abolish one position	0	1.0
Local Aid			
Electricity Generating Equipment Property Tax Grant	Reduce funding by 3.3%.	1,000,000	
Formula Funding for Community Colleges	Reduce funding by less than 1%. After this reduction growth would be 16.7%.	2,000,000	
Local Aid Subtotal		3,000,000	
General Assembly			
	Funds to be reverted at the end of FY 2008	1,800,000	
Judiciary			
	Funds to be reverted at the end of FY 2008	3,000,000	

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TOTAL		<u>153,230,815</u>	<u>147.4</u>
FY 2007 Reductions/Reversions			
Lottery	Savings from new instant ticketing contract	2,300,000	
TOTAL FY 2007 and FY 2008		<u>2,300,000</u>	<u>0.0</u>