

2010 SESSION WRAP-UP

April 13, 2010

My four years in the legislature have gone by quickly. I have learned a great deal about State Government and I am proud to represent the citizens of District 32. If I am honored to be re-elected, I will no longer be a “freshman delegate.” It is difficult to be effective in Annapolis in your first term. I have been the primary sponsor on six bills that have passed and become law and have co-sponsored many more. I look forward to working on your issues in the future term. This is a long newsletter with information on most of the issues that we acted on this year and for others a historic review of their progress during the past four years.

The entire delegation supported six bond bills, all of which passed. Funds will be provided for the Reece Road Community Health Center in District 32, the William Paca House, the Coordinating Center for Home and Community Care Building Facilities, the Annapolis High School Concession Stand, Arundel High School lights and Southern and Broadneck High Schools lights.

The entire delegation also sponsored five bills that passed. The Delegates from District 31 and 32 made a bi-partisan effort to pass gang legislation. Most of this legislation was rolled into one Gang Bill, SB 517 that was passed.

BUDGET & CAPITAL BUDGET

This session, the legislature made balancing the budget, public safety and job creation the top priorities. Working with the Administration and the Senate, we passed a number of bills to crack down on sex offenders, create tax credits and streamline government to give the private sector more confidence to invest in the economy.

Balancing the State's Operating Budget

Recognizing these tough economic times, the legislature balanced the State's operating budget for next fiscal year, while protecting our priorities of education, higher education and public safety. This budget continues to constrain spending to offset significant declines in revenues due to the global economic recession.

Maryland balances its budget every year. We do not deficit spend or put future bills on the State credit card. Over the last four years, the State's General Fund budget decreased 3% while continuing to increase education funding and healthcare funding for Marylanders. Even if the American Recovery and Reinvestment Act funding, commonly referred to as stimulus money, is included, the Governor and legislature have limited increases in funding to less than a third of spending increases from the four years prior. The FY11 budget:

- **Cuts spending by \$525M** in spending for next fiscal year, bringing the State's General Fund budget down to \$13.19B. State General Fund spending – the

funding source that we fund most core programs out of – is below 2007 levels. Overall spending also decreases almost 2% from last year. (FY10= \$32.2B compared to FY11= \$31.9B)

- **Makes government smaller and more efficient, with 4,000 fewer State government positions** over the past four years, including eliminating 600 positions in this year's budget.
- **Maintains our commitment to K-12 education**, one of the only areas in the budget to increase. Next year, the State will provide \$5.7B in education aid for teachers, textbooks, and other important education needs. This budget supports 849,000 public school children in Maryland.
- **Continues our commitment to higher education**, as well, providing \$1.2B in funding to our colleges, universities and community colleges. This budget supports 121,235 students who want to attend a Maryland school next year and the 140,000 community college students.
- Takes prudent steps to curtail outyear increases **by cutting over \$1 billion from the projected 2012 structural gap.**

The legislature leaves **nearly \$830M in cash reserves**, including the State's Rainy Day Fund. Maryland is again one of only seven states in the country to retain the coveted triple-A bond rating, even through this global recession. The independent Fitch Ratings Agency has done a comprehensive review of the State's finances and highlighted that Maryland's "financial operations are conservative".

Studying Teacher Pension Funding

One of the biggest cost drivers in the growth of the State's budget is the cost of teacher pensions. This year, the cost increased nearly \$130 million dollars and next year, projections are that the cost of teacher pensions for the State will increase another \$100 million. The Senate proposed to phase-in a cost sharing of teacher pensions with local governments, beginning in Fiscal Year 2012. The House of Delegates rejected the cost shift plan. Instead, the legislature has agreed to create a Sustainability Commission of private sector experts to take a comprehensive look at the State's retirement system - which supports State employees, current retirees and teachers – and make recommendations to the legislature by December.

Investing in the State's Capital Assets

The State will continue to have a robust capital budget in order to generate jobs in the construction sector. The construction industry in Maryland has suffered significant job losses as a result of the crisis in the housing market that began in 2007. Prior to the crisis, construction employment in Maryland was strong, exceeding 190,000 for all of 2006 and most of 2007. Since June 2007, however, employment has fallen by 24%, to 145,400 in October 2009, the latest period for which figures are available. Over this fiscal year and next (FY10 and FY11), capital budget spending will provide 44,913 direct jobs.

The capital budget includes:

- **\$250M in school construction funding**, bringing the full funding to \$1.25 billion for this term.
- **\$350M in funding for higher education facilities**, including \$73M for historically black institutions and over \$80 million for community colleges.
- **\$330M for environmental programs**, including \$20M for the Chesapeake Bay 2010 Trust Fund, which provides funding for cover crops and other environmental programs to help restore the health of the Bay and Atlantic Coastal Bays. We funded \$65M in Program Open Space Funding and Rural Legacy programs. Maryland's agricultural economy supports 350,000 jobs and \$17B in revenue, according to the Maryland Manual.
- **\$26M for new public safety facilities**. This funding will help the men and women of law enforcement continue to fight crime across the State – **an investment that has led to the lowest levels of violent crime since 1986.**

No Raise for Legislators

The legislature rejected a recommendation from the General Assembly Compensation Commission, a five member constitutionally mandated, citizen commission, to increase legislative pay in 2013 and 2014. In rejecting the pay raise, we tightened rules that prohibit future legislators that are convicted of a felony or misdemeanor related to their public office from collecting any pension at all. By 2014, legislative salaries will not have increased in 8 years and over 80% of legislators have participated in the voluntary furlough program over the past two years.

PUBLIC SAFETY

Keeping Our Students Safe from Gangs

Speaker Busch introduced legislation this year to improve communication between schools and law enforcement, in order to prevent gang recruitment and expansion in schools across the State. The Maryland Coordination and Analysis Center reports that there is gang activity in every county in the State of Maryland. The State Department of Juvenile Services reports that children as young as 10 years old are being recruited to participate in gangs in Maryland. The Safe Schools Act of 2010 expands the types of crimes that law enforcement must report to school personnel if a child is arrested; requires the creation of a statewide model gang policy for school systems; and requires the assessment of intervention and prevention programs that schools can access.

Cracking Down on Criminal Gangs

The legislature also passed legislation to tighten up the existing State Gang Statute, supported by the Attorney General and State's Attorney's Association. The General Assembly passed the first Gang Prosecution Act in 2007 to crack down on criminal gang activity, including stiff penalties for crimes committed in support of a criminal gang. A gang member convicted under this statute is subject to up to 20 years in prison and/or a fine of up to \$100,000. Maryland is one of 31 states that have enacted similar laws to combat the spread of gang violence.

This year's law takes a step further by specifically prohibiting someone from being a gang "kingpin", makes a person eligible to receive an additional sentence if convicted of other underlying crimes, and creates stiffer penalties for gang members convicted of a second offense under this law or if death results in the commission of a gang crime.

Tightening Sex Offender Laws

Over the past four years, the legislature has provided several new tools to help law enforcement prosecute violent sex offenders. During the 2006 special session, the legislature passed Jessica's Law, which requires a 25 year mandatory minimum sentence for first degree rape and sex offenses. In 2007, the legislature eliminated the possibility of parole for Jessica's Law offenders. That same year, the legislature passed a law requiring court-ordered mental health assessments of sex offenders convicted of sexual abuse against a minor. In 2008, Governor Martin O'Malley and the legislature followed implementation of Jessica's Law with a bill requiring the collection of DNA on arrest for any crime of violence or felony burglary. Over 24,000 DNA samples have been eliminated from the State's backlog and, as a result, over 100 sex offenders have been arrested.

Hailed as one of the most comprehensive package of sexual predator legislation in Maryland, we passed bills to:

- Bring Maryland into compliance with the federal Adam Walsh Act. The bill was amended to require homeless sex offenders, sex offenders convicted of indecent exposure and possessors of child pornography and offenders who repeatedly abuse children under the age of 14 to register on the Maryland Sex Offender Registry. The bill expands information posted on the Maryland Sex Offender registry to include places of employment, other residences and a plain language description of the crime.
- Require lifetime supervision of serious and repeat sex offenders including GPS monitoring.
- Require a judge, instead of a district court commissioner, to determine whether a registered sex offender arrested for *any* crime is entitled to pretrial release.
- Eliminate diminution credits for the most serious sex offenders and repeat third degree offenders.
- Further strengthen the State's prohibition against possessing or promoting child pornography.
- Increase mandatory minimum sentences for second degree sex offenders and rapists from 5 to 15 years.
- Reconstitute the Sex Offender Advisory Board to make policy recommendations to the executive and legislative branches.

Making Maryland Roads Safer

As more research comes to the forefront about the dangers of using a handheld cell phone while driving, the legislature this year passed a law that prohibits a driver from holding a cell phone while driving. SB321, which will take effect October 1st, makes driving while using a handheld cell phone a secondary offense (meaning the cell phone

use cannot be the only reason a driver is pulled over) with a fine of \$40 for the first time and \$100 for any subsequent time. Six states and our neighbor, Washington D.C., prohibit cell phone use while driving.

Supporting the State's Trauma System

Continuing our focus on the State's renowned trauma system, the House of Delegates pushed for a \$20M pre-authorization in funding to continue the purchase program for Medevac helicopters, to replace the State's aging fleet. Last year, the House increased funding to \$52.5M in order to purchase the first three helicopters. This additional funding for FY12 will help keep the replacement program on track, to help volunteer firefighters and medical personnel save lives.

The House pushed to fully fund the Charles E. Reilly scholarship program, a scholarship program that provides funding for fire and EMS rescue personnel to attend any higher education institution in Maryland.

Passing a Correctional Officers Bill of Rights

Supported by Correctional Officers around the State, the Maryland General Assembly passed legislation to provide Correctional Officers with more protections while they serve. It means they will be afforded the same rights as the prisoners they are guarding and be presumed innocent until proven guilty. The legislation allows an employee to remain in a paid leave status pending a final decision on their case. It formalizes procedures for the interrogation of Correctional Officers and provides the department with better tools and more time to clear officers who are wrongly accused. These changes should help protect and clear innocent officers quickly and allow investigations to focus on officers who have broken the law.

STIMULATING THE ECONOMY

Creating a Job Tax Credit

The Jobs Creation Recovery Tax Credit, signed into law in March, offers a \$5,000 tax credit to any Maryland business that hires an unemployed Marylander. The bill is a one-year program: capped at \$20 million, and \$250,000 per employer. The worker must be employed for at least one year, and must fill a position that is new or that has been vacant for the prior six months. This legislation directly creates 4,000 jobs and will also help the private sector begin to reinvest in the State's economy.

Increasing the Biotech Tax Credit

The Maryland House of Delegates confirmed their continued commitment to the biotech tax credit again this year, by increasing the available funding to \$8 million in the budget for a program that creates high paying jobs across Maryland. This credit is a proven job creator that has put Maryland at the forefront of the growing biotech industry. This funding is an essential tool in supporting early stage biotech companies.

Creating a Small Business Loan Guaranty program

In another effort to support businesses during these tough economic times, Governor O'Malley called for streamlining the loan approval process for small businesses and expanding access to credit by creating the Maryland Small Business Credit Recovery Program, offering a loan guaranty on small business deals through the Maryland Department of Business and Economic Development's current loan guaranty program - the Maryland Industrial Development Financing Authority Program (MIDFA). The FY11 budget allots \$5M for the Maryland Small Business Credit Recovery Program that will streamline the loan approval process and allow the State to guarantee a small percentage of loans, helping banks provide much-needed capital for our small businesses.

Providing Property Tax Relief for Small Businesses

The General Assembly unanimously passed HB484, legislation which gives small businesses the ability to pay their property taxes in two installments instead one lump sum payment, if the property tax assessment is under \$50,000. This bill provides over 93,000 small business properties with added flexibility to avoid making difficult cuts to their businesses or employees to pay their property taxes in one lump sum.

Creating the Sustainable Communities Tax Credit to Promote Construction Investment & Jobs

Legislation sponsored by Governor O'Malley, HB 475, replaces the Heritage Tax Credit with a new program designed to create and sustain construction and design jobs in redeveloping historic structures, and support environmentally-friendly building standards. The Sustainable Communities Tax Credit is funded at \$10M for existing commercial and residential structures, as well as qualified rehabilitated structures in Main Street communities. The program maintains the commercial project cap at \$3 million and residential project cap at \$50,000, but also provides a bonus credit of 5% for LEED certified construction on a commercial project.

Retooling the State Unemployment Insurance System

The product of months of negotiations, a new law has taken effect to reduce the burdens of high unemployment insurance rates on Maryland businesses by:

- Creating payment plans to spread payments out over the entire calendar year
- Guaranteeing payment plans and lower interest rates in future times of high unemployment
- Reducing interest rate for late payments from 1.5% to .5%, a 200% reduction
- Shoring up the UI system with an immediate influx of \$126.8 million through cost-neutral modernization by covering more unemployed workers but eliminating sick claims, increasing penalties for misconduct and making adjustments to benefit calculations.

Having bipartisan support, this bill was signed by Governor O'Malley in March. These changes to the unemployment insurance system in Maryland are critical to continue to give businesses the relief and certainty needed to begin to dig out of this recession and put people back to work.

Protecting Homeowners from Foreclosure

Foreclosures continue to drag on our economy and rip apart Maryland communities. Many of these foreclosures happen without the homeowners ever talking to a live person over the phone much less have a face to face meeting to discuss options to keep them in their homes. Maryland continues to have a high mortgage default rate with one in every 446 households in foreclosure, as of February 2010. The national average is one in every 409 households.

HB472 is the product of more than six months of deliberations with consumer advocates, housing counselors, lenders, loan servicers, foreclosure attorneys and regulators. The bill is designed to: (1) ensure that lenders and loan servicers comply with federal law that requires them to consider whether the terms of a loan can be modified in ways that avoid a foreclosure, and (2) guarantee that a lender whose loan has not been modified and who thinks it should be is given an opportunity to meet with their lender in front of a neutral third party familiar with foreclosure issues to try to work out a solution that avoids foreclosure or reduces its impact on the homeowner. The bill goes into effect July 1st.

Implementing a new Fast Track Process for State permits

Legislators held a series of meetings throughout the session with staff from the Governor's office in order to streamline the State's permitting process to stimulate development across the State. Many different agencies are involved in issuing permits for new developments. As a result of our work, the State will soon have an expedited permitting process for major developments that create jobs across the State of Maryland.

INVESTING IN EDUCATION

Crafting the Third Wave of Education Reform

Maryland has historically been on the cutting edge of education reform, as evidenced by significant improvements in student test scores over the past decade. This, plus the **82% increase in education funding since 2002, has lead to Maryland schools being ranked first in the country for two consecutive years.** Maryland is eligible for up to \$250M in education funding from the federal government, under the American Recovery and Reinvestment Act. If Maryland receives the maximum funding, every county in the State could receive additional education funding from the federal government.

Governor O'Malley introduced the **Education Reform Act of 2010** that will not only make Maryland more effective in competing for the Race to the Top funds, but also begin the third wave of education reform, in order to continue the success of Maryland schools. The legislation:

- Increases the length of time for a new teacher to achieve tenure from two years to three years. Currently, a teacher is eligible for tenure after two years in Maryland, with an additional year possible for teachers that do not meet the evaluation requirements. At two years, Maryland has one of the lowest teacher

tenure durations in the country: 33 states require 3 years for teacher tenure and 8 states have more than 4 years. The legislation also requires student growth data to be used in teacher and principal evaluations.

- Provides for local jurisdictions to implement differentiated pay programs to attract high-performing teachers to low-performing schools. The bill would provide stipends to teachers and principals in the lowest achieving 5% of Title I schools. Incentive pay programs have been piloted in Prince George's County, and parts of Baltimore City and Queen Anne's counties. Currently, 90% of Maryland teachers are "highly qualified", yet Maryland ranks last in the country for distribution of highly qualified teachers to the State's lowest performing schools.

Capping Tuition Costs Next Year

After a record 40% tuition increase last term, the legislature and the O'Malley Administration froze tuition for four straight years at Maryland public colleges and universities. After this record investment to make college more accessible and affordable, we again took prudent action to pass the Tuition Stabilization Act that **caps in-state tuition growth at 3%** for the 2010-2011 school year. This means that tuition for Maryland universities rose only 3% in five years, at a time when many states are seeing double-digit increases over the same period of time.

Funding School Construction

This year's capital budget funds \$250M in school construction, totaling \$1.25 billion over the last four years. While we are making record investments in funding for teachers, textbooks and programs, it is also important that we continue to modernize school facilities and provide the best learning environment possible to our students.

PROTECTING THE ENVIRONMENT

Protecting the Chesapeake Bay

Over the past several years, the Governor and the legislature has worked to clean up the Bay including passing legislation to create the Chesapeake Bay 2010 Trust Fund; enhancing the Bay's natural oyster population; strengthening the Critical Areas law and establishing aquaculture enterprise zones to restore the Bay.

The Chesapeake Bay is Maryland's crown jewel. We all agree that maintaining the health of the Bay is important to our State. To that end, the legislature has funded the Trust Fund at \$20 million for the coming fiscal year, as well as retained a fund balance in the Fund for existing projects.

Accelerating Maryland Solar Energy Use

In order to spur investment in Maryland's burgeoning industrial and residential solar industry, the General Assembly passed Governor O'Malley's legislation to require electricity suppliers to accelerate the amount solar energy in the electricity they supply to Marylanders. This legislation will supplement the State's clean energy supply and help stimulate new green jobs for Marylanders.

This legislation will accelerate Maryland's Solar Renewable Portfolio Standard (RPS) requirements in 2011 through 2017, resulting in more residential and commercial solar installations in those years. It will make the phase-in of the Solar RPS more evenly distributed over the next decade and provide long-term support for Maryland's growing solar industry. This change will put the State's solar goals in line with New Jersey and Delaware. Additional solar energy in Maryland will decrease peak load electricity prices in the summertime, reduce greenhouse gas emissions by displacing fossil-fueled powered generation, create new green jobs, and help Maryland meet its renewable energy goals.

OPEN GOVERNMENT REFORMS

We are elected by the people and serve the people so it is important that we make the legislative proceedings easily accessible to the public. With the advent of the Internet, we have many more tools available to promote transparency. This year, a number of Democratic and Republican members introduced legislation to bring legislative proceedings into the 21st century. Thanks to their hard work, we have implemented a number of recommendations this session. **Final votes from each of the House and Senate standing committees are placed online before the bill comes to the floor for consideration.** The House of Delegates completed a test run of a **new system to live stream committee hearings** this session, with the intent of making this available to the general public in the 2011 legislative session.

Legislation passed with unanimous bipartisan support to require local elected officials to meet or exceed the State ethics laws relating to financial disclosures and conflicts of interest. Prior to enactment of this bill, each county and municipality enacted their own standards which may or may not have been as stringent as State laws.

PUBLIC HEALTH

Banning Dangerous Chemicals Affecting Children

On January 1, 2012, child care articles, including bottles and sippy cups, can no longer be manufactured or sold in Maryland with the chemical Bisphenol-A (BPA). According to the federal Centers for Disease Control and Prevention (CDC), BPA can leach from the linings of canned foods and polycarbonate water and baby bottles, resulting in possible health risks to the brain, behavior, and prostate gland in fetuses, infants, and young children.

Prohibiting Fraud in the Medicaid System

The Maryland False Claims Act (SB 279) will protect Maryland against theft and fraud in the State's Medicaid budget. Under current law, the state can do little to recover dollars paid out through false claims against the Medicaid program. The State's only recourse is to bring administrative actions against suspected perpetrators, but this painstaking

process limits any recovery to only actual losses, with no penalties or damages to deter repeat offenders.

The federal program, started in 1986, has recovered \$24 billion to the government. Additional studies have shown that for every \$1 spent on fraud enforcement, the government has recovered \$15. However, the reach of the Federal FCA is limited and now States are enacting False Claims Acts to increase recoveries. Virginia, for example, recovered \$100 million in the two years after it enacted an FCA. Prior to enacting an FCA, the Commonwealth recovered approximately \$20 million.

Creating a new Commission to Implement Federal Healthcare Reforms

During the legislative session, Governor O'Malley signed an Executive Order creating the Maryland Health Care Reform Coordinating Council. Maryland is already a national model for controlling health care costs under Maryland's unique "all-payer" hospital rate setting system. This term, Maryland has extended health care coverage to 161,000 Marylanders, 78,500 of which are children, under the Working Families and Small Business Health Coverage Act. The Maryland Health Care Reform Coordinating Council will consist of private sector, government and legislative members and assist the executive and legislative branches of state government with the delivery of health care reforms from the federal level to the homes and businesses of Main Street Maryland.

Assignment of Benefits

The legislature also passed Senate Bill 314 that streamlines and improves the process for reimbursement of out-of-network physicians and protects consumers from unexpected and costly medical bills. The initial version of the legislation allowed for a patient to be "balanced-billed", meaning that a hospital-based physician, such as an anesthesiologist or emergency room doctor, could charge a patient for any services related to a hospital visit when the physician is not in the patient's insurance network. House leaders removed that provision before final passage. Now, patients will be protected from the surprise of additional charges during hospital visits.

I appreciate hearing from my constituents about issues that are important to you. Please continue to stay in touch. My contact information is: Pamela.beidle@house.state.md.us, (410)841-3370 or fax: (410)841-3347. Also, please visit my fan page on *Facebook*, just search *Delegate Pam Beidle*.