

***STATE OF MARYLAND
OFFICE OF THE GOVERNOR***

Dear Mr. Pennington:

Thank you for your email regarding the State of Maryland's fiscal situation. We understand your concerns and appreciate hearing from you on this important issue.

As you know, our nation is facing what has been called the greatest economic crisis in a generation. As a result, our State has encountered a significant slowdown in revenue collections. In order to balance our budget and overcome a structural deficit, we have had to make very difficult decisions over the past two years, and very painful cuts. As difficult as it's been, the decisions we made, in partnership with the Maryland General Assembly and all our State agencies, have helped Maryland weather this economic crisis better than most states.

Despite the progress we have made together, Maryland is still not immune to these challenging economic times. The continued declines in the housing and credit markets have stretched the wallets of our families and businesses. As we all find ways to save money, our State's personal income, corporate, sales, and motor fuel tax revenues continue to perform below expectations. At the same time, cyclical and health-related spending has increased to meet the needs of Marylanders. These realities have put a tremendous amount of pressure on our State's budget, and require us to make even more tough choices.

The General Assembly and I have worked together to ensure that Maryland's short-term economic outlook does not jeopardize the health, safety, and educational needs of Marylanders or our State's long-term strategy for a prosperous and sustainable future. The strength of our State and the legacy we leave to our children depend on the investments we make today, and we must continue to look forward as we build that better future we all prefer.

As part of that commitment, since taking office the O'Malley Brown Administration has reduced state spending by over \$3.5 billion and has eliminated over 2,700 State positions. In order to balance the Fiscal Year 2010 budget, we reduced or level-funded all but our most critical programs, froze State employee salaries, and eliminated close to 1,000 vacant State positions.

Although we still have many challenges to face together, looking ahead there is also great reason for hope and optimism. As a result of these very tough choices, we were able to enact a balanced Fiscal Year 2010 budget that supports our public school system, makes college tuition more affordable, strengthens the safety net for our hard working families, and protects our natural resources. The Fiscal Year 2010 budget includes a record \$5.5 billion to support the progress that our children, teachers, and parents are making in the nation's #1 ranked public school system.

The budget also brings our three-year investment in school construction and renovation projects to over \$1 billion for the first time in Maryland's history. In addition, we were able to freeze tuition for in-state undergraduates at our public colleges and universities for the fourth consecutive year, making college more affordable for Maryland's middle class. The budget also provides valuable funding for our community colleges, where Americans are increasingly receiving their degrees and finding ways to support their families.

The American Recovery and Reinvestment Act will help us provide our public schools with an additional \$1 billion over the next two fiscal years, helping us to grow our teacher pensions, and also enabling us to fully fund the Geographic Cost of Education Index for the first time since the passage of the Thornton Bridge to Excellence Plan.

In addition, the Fiscal Year 2010 budget puts families first by expanding access to medical care and helping low-income families pay their energy bills. The budget includes \$5.6 billion for Medical Assistance benefits to help 700,000 Marylanders have access to health care and a record \$132 million to assist over 125,000 households in heating their homes.

Recognizing that ensuring the safety of our citizens is the most sacred responsibility any government holds, public safety also remains an important priority for this Administration. As a result, the Fiscal Year 2010 capital budget provides \$52.5 million to purchase three new State Police Medevac helicopters, and the operating budget provides \$66 million to fully fund police aid grants to local jurisdictions.

The Fiscal Year 2010 budget protects our natural resources and helps to build a more sustainable future in Maryland by setting ambitious goals for reducing greenhouse gas emissions, promoting Smart Growth and

Transit-Oriented Development, and establishing Aquaculture Enterprise Zones to help our shellfish industry. In order to protect the progress we have made on environmental protection, the budget includes \$158.5 million for Chesapeake Bay restoration programs, \$25.6 million for Agricultural Land Preservation, \$10 million for the Chesapeake Bay 2010 Trust Fund, \$22.1 million for Program Open Space, and \$12.7 million for cover crops.

Although the Fiscal Year 2010 budget is lean by necessity, the American Recovery and Reinvestment Act will provide our State with over \$4 billion in economic relief over the next two fiscal years to help us make strategic investments in our schools and infrastructure, stimulate our economy, and create jobs for Marylanders.

In order to provide Marylanders with the information and tools necessary to track the progress of Maryland's Recovery and Reinvestment plan, we were among the first states in the nation to launch a Recovery and Reinvestment website, which can be found at www.recovery.maryland.gov.

Despite these challenging economic times, we remain committed to protecting our shared priorities as we continue to put families first. As a result of our commitments to support our public school system, make college tuition more affordable, strengthen the safety net for our families, and protect our natural resources, our State will weather these tough economic times and remain on course for a better, stronger, more sustainable future.

Thank you again for sharing your concerns about Maryland's fiscal situation. I appreciate your thoughts, and hope you will continue to follow our State's budget process in the years to come.

Sincerely,

Martin O'Malley
Governor