



**MARYLAND**  
DEPARTMENT OF  
BUDGET & MANAGEMENT

LARRY HOGAN  
Governor

BOYD K. RUTHERFORD  
Lieutenant Governor

DAVID R. BRINKLEY  
Secretary

MARC L. NICOLE  
Deputy Secretary

March 14, 2019

The Honorable Thomas V. "Mike" Miller, Jr.  
President, Maryland State Senate  
State House, H-107  
100 State Circle  
Annapolis, MD 21401

The Honorable Michael E. Busch  
Speaker, Maryland House of Delegates  
State House, H-101  
100 State Circle  
Annapolis, MD 21401

Dear President Miller and Speaker Busch:

In a 2003 commentary column for *The Gazette*, Mr. Barry Rascovar wrote, "The late Pete Rawlings warned his House colleagues two years ago that passing [the Bridge to Excellence in Public Schools Act of 2002] was a giant mistake, a craven election-year gimmick." He called Thornton, "a hoax on the citizens of this state because it is a funding proposal without a revenue source." The State ultimately dealt with the financial obligations of that legislation over the ensuing decade by reducing services to other agencies and by increasing taxes.

I write to you concerned the 2019 General Assembly is about to make that same mistake.

I supported moving the combined work product of the Commission on Innovation and Excellence in Education (also known as "the Kirwan Commission") forward for consideration by the General Assembly. Throughout the hearings, however, I warned my fellow Commissioners that the budget process looks at all the financial and service obligations the State has to its citizens, taxpayers, and creditors.

Everyone on the Commission is concerned with arriving at the best possible solutions for making sure that Maryland's students are equipped with the skills, the tools, and the wherewithal to compete, vocationally and academically, in the rapidly changing world economy. Since its inception, the Commission has been tasked with identifying the challenges and opportunities facing students in Maryland's communities and proposing novel solutions reflecting evidence-based research from higher-performing school systems throughout the world, along with proposing other valuable goals such as increasing pay for our teachers, raising performance standards for our

students, and making pre-K more readily available across the state. With that said, however, the critical mission of the Commission has always been to reevaluate the underlying funding formulas of the Thornton Plan.

As of today, this mission remains incomplete, pending further meetings and discussions with our governmental partners in delivering education - the counties and Baltimore City.

What is still not being discussed is how the State is going to fulfill its financial obligation based on the anticipated costs of this commitment. Today, despite not having a plan in place to pay for them, the General Assembly is moving forward on legislation implementing a number of the Commission's policy recommendations, which is estimated to cost nearly \$4 billion each year once fully phased in. This is on top of the \$1.3 billion deficit projected just before this current session by the Legislature's Spending Affordability Committee, due to ongoing General Fund spending growing faster than revenues over the next four years.

To demonstrate the staggering scale of the policy decisions that lie ahead of the General Assembly, my office at the Department of Budget and Management has calculated a more realistic picture of the State's fiscal position assuming the passage of the House budget plan. This analysis assumes that new legislation will be enacted that mirrors the recommendations of the recently released report. It also assumes that legislation increasing the minimum wage will be enacted along with other legislation providing state employee salary adjustments. Finally, the analysis also assumes that the State will experience a mild recession within the next two years that will reduce revenues and increase entitlement spending.

The result of this analysis is that the state will experience a **cumulative five-year shortfall of approximately \$21 billion** from fiscal year 2021 through 2025. To put that in perspective, the State's fiscal year 2020 budget is slightly more than \$19.5 billion. To put it another way, Maryland households will have to pay an additional \$7,000 per family in state and local taxes over the next five years to cover this shortfall.

Even if we only look at the additional cost of the recommendations of the Commission over the next five years, that will eclipse \$11 billion. Although we do not know exactly how the costs will be allocated between state and local governments, we do know that taxpayers will pay more state and local taxes.

As we make ongoing policy decisions, it would be foolish to ignore this question: From whom do you propose taking funding from to pay this \$4 billion annual bill? Will it be the taxpayers directly? Or will it be indirectly, by cutting other important programs? Our preliminary estimates show that in order to fully address our deficit and fund \$725 million in new education expenditures, which is only the cost for the first year before the full phase-in, we would be forced to either raise the sales tax by 33 percent, personal income tax by about 15 percent, or property tax by 200 percent. I can assure you that Maryland taxpayers will not support any of these options.

I would like to think that we are all committed to working together as a team as we struggle to cope with the magnitude of the undertaking that would be required to fund the Commission's recommendations, but the haste with which you are attempting to pass this

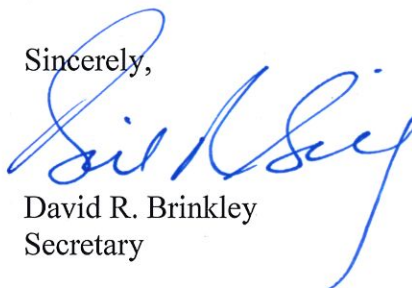
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legislation leads me instead to the conclusion that you are merely seeking to cope with short term political pressure and are unwilling to expend the political capital necessary to address tough questions regarding how we fund these changes in the long-term.

My analysts and I would be glad to have an open and honest discussion with you and your staff about the realities of the funding requirements of the Commission's recommendations, especially in light of the recent revenue write down and the looming specter of an economic downturn, but this is a discussion that must occur before the passage of any education-related legislation. If you are interested in setting up such a meeting, please reach out to my office as soon as possible, and we will put something on the calendar.

Thank you for your time and consideration of this request. I look forward to hearing back from both of you in the near future as we continue our work changing Maryland—and Maryland's educational system—for the better.

Sincerely,



David R. Brinkley  
Secretary

Cc: The Honorable Nancy J. King, Chair, Senate Budget & Taxation Committee  
The Honorable Maggie McIntosh, Chair, House Appropriations Committee