



Fiscal Responsibility During Difficult Times

Governor O'Malley has protected Maryland's shared priorities during the greatest national recession since the Great Depression, including record investments in public education and making college education more affordable.

In order to create the conditions for economic growth in our state, Governor O'Malley has restored fiscal responsibility in Annapolis to expand opportunities for Maryland families. Governor O'Malley cut state spending by \$5.6 billion and reduced the size of the government by 4,200 positions.

Governor O'Malley introduced one of the leanest budgets in Maryland history and cut General Fund spending by 3% during his first term. For four years in a row, Governor O'Malley submitted state budgets that were below the Spending Affordability limits set by the General Assembly.

As a result, under Governor O'Malley, Maryland is one of only eight states to maintain a Triple A bond rating certified by all three major bond rating agencies—saving taxpayers millions of dollars.

Governor O'Malley understands that fiscal responsibility is the foundation to Maryland's continued economic growth and progress in our State.

Bob Ehrlich: Spending Out Of Control

Over his four year term, Bob Ehrlich increased state spending by more than any other Governor in Maryland history and increased General Fund spending by over \$3 billion.

Bob Ehrlich ignored Spending Affordability guidelines for three out of the four budgets he submitted, leaving Governor O'Malley with a \$1.7 billion structural deficit.

To support his record spending, Bob Ehrlich raised the state's portion of the property tax by \$690 million on Maryland businesses and families and raised other taxes and fees by more than \$3 billion. During his time in office, Ehrlich cut funding for the University System of Maryland and jacked up college tuition by more than 40% on Maryland students and families; and Bob Ehrlich raided Program Open Space and the Transportation Trust Fund.

O'Malley-Brown: Delivering Results

A Fiscally Responsible Budget

- The O'Malley-Brown Administration introduced one of the leanest budgets in Maryland history to protect our core priorities during the greatest national recession since the Great Depression.
- The FY2011 budget preserves \$829 million of cash resources for the future with \$634 million

in the Rainy Day Fund and a \$274 million balance in the General Fund. The approved FY2011 Budget plan improves the outlook for FY2012 by about \$1 billion.

Reducing the Size of State Government

- Governor O'Malley has cut state spending \$5.6 billion and reduced the size of the state government by more than 4,200 positions.
- Today, General Fund spending is less than it was 4 years ago under the former governor.
- General funding spending today is 434.7 million lower than it was in FY 2007 when Governor O'Malley took office.
- Next year's General Fund Budget (FY2011) totals \$13.1 billion, almost 2% less than FY2010 while the Total Fund Budget totals \$32 billion, almost 1% below FY2010.
- Governor O'Malley has proposed four consecutive budgets below the spending affordability limit. Governor O'Malley's budget is the first to propose a negative growth rate, doing so for the past two years. The -2.9% spending growth in FY 2011 is the lowest growth rate ever.

Protecting Our Triple A Bond Rating

- Under Governor O'Malley, Maryland is one of only eight states to maintain a Triple A bond rating certified by all 3 major bond rating agencies—saving taxpayers millions of dollars.

A Budget to Move Maryland Forward

- The Job Creation and Recovery Tax Credit signed into law this year by Governor O'Malley will give any business that hires an unemployed Marylander a tax credit of \$5,000. In the FY2011 budget, Governor O'Malley allocates \$20 million for the new jobs program.
- After launching Bio 2020, a 10-year, \$1.3 billion investment in life science and biotech research and development, the O'Malley-Brown Administration is continuing their strong support in this emerging field by increasing the Biotech Tax Credit from \$6 million to \$8 million.
- Under Governor O'Malley, the State of Maryland has sustained an historic \$5.7 billion investment in our #1 ranked public schools, including fully funding the Geographic Cost of Education Index for the second year in a row.
- Governor O'Malley led the fight to freeze tuition at all University System of Maryland schools and Morgan State University for four years in a row, the only state in the nation to do so.
- Going to college in Maryland has dropped from the 6th most expensive in the nation to the 21st.
- Governor O'Malley's budget reflects an additional \$4 billion in federal funding for fiscal years 2009, 2010, and 2011 as a direct result of President Obama's American Recovery and Reinvestment Act, including \$1.6 billion for Medicaid, \$1.1 billion in K-12 education funding, \$780 million to update our aging infrastructure, and \$150 million for public safety.
- Maryland was ranked number one in the nation for tracking the use of Recovery funds. To date, these funds have created or saved over 13,000 jobs in Maryland—including firefighters, police officers, teachers and nurses.



A Comparison to Four Years Ago

- Under former Governor Ehrlich, General Fund spending increased by 33.7%. It declined by 3.1% during Governor O'Malley's first term.
- The prior administration submitted three budgets that exceeded the spending affordability limit.
- Former Governor Ehrlich's claim that he left a budget surplus is refuted by numerous analyses and his own budget director. Ehrlich's budget secretary, Cecilia Januszkiewicz, admitted to the Senate Budget and Taxation Committee that the entire amount would be consumed just to "come close to balancing" the FY 2008 budget.
- In fact former Governor Ehrlich's FY 2007 budget proposal contained the largest-ever increase in state spending. It spent nearly \$700 million more than revenues and included nearly 300 more positions than recommended by the Spending Affordability Committee.
- Governor O'Malley has cut state spending \$5.6 billion and reduced the size of the state government by more than 4,200 positions.
- Today, General Fund spending is less than it was 4 years ago under the former governor.
- General funding spending today is \$434.7 million lower than it was in FY 2007 when Governor O'Malley took office.