

The Free State Foundation

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News Release

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FSF Releases Recommendations to Tackle Maryland's Structural Deficit

*Former Maryland Budget Secretary Cecilia Januszkiewicz Urges
Budgetary Reforms*

POTOMAC, MD – In a new study, [“Avoiding Structural Deficits in Maryland: Recommendations for Reform.”](#) released today by the Free State Foundation, FSF Senior Fellow Cecilia Januszkiewicz recommends specific reforms to Maryland’s legislative and budgetary processes that, if adopted, will reduce the likelihood of continuing the persistent structural deficits that the State has experienced in the 21st century. Adoption of the eleven reform recommendations will instill a greater sense of fiscal discipline by raising awareness, on the part of elected officials and Maryland’s citizens, of the costs imposed by proposed new and enhanced programs. The recommendations are part of a larger FSF study of Maryland’s budget process to be released in the fall.

Ms. Januszkiewicz, who served as Secretary of Maryland’s Department of Budget and Management from June 2005-January 2007, predicts that unless elected officials are required to identify a method of payment for the promises they make, Maryland will be “permanently trapped in a cycle of chronic structural deficits in which ongoing spending commitments will exceed ongoing revenues.” Indeed, the deficit is currently projected to continue until at least Fiscal Year 2013. To assure that funding is addressed when a new or expanded program is considered, Ms. Januszkiewicz recommends that each proposed law be required to identify the source of funds (new revenues or reductions in other programs) to pay for the spending required by the law.

In light of the structural deficits, Ms. Januszkiewicz questions whether the spending limits recommended by the Spending Affordability Committee are indeed “affordable” and recommends changes to that process. Ms. Januszkiewicz also suggests more transparency in the spending affordability process by requiring a detailed disclosure of the methodology for determining affordability, affording the public an opportunity to comment on the recommended spending level, and requiring that upward revisions in the spending limit be discussed at a public hearing with adequate advance notice of the hearing.

The eleven reform recommendations are:

1. *Each proposed law should identify the source of funds to support the spending required by it.*
2. *Fiscal estimates for each proposed law should be available to the public at least two days before the first hearing on the legislation.*
3. *During the legislative session, the Department of Legislative Services should maintain on its website a cumulative list that reflects the estimated full implementation costs of each proposed law.*
4. *The methodology for determining “spending affordability” should be re-examined.*
5. *At the outset of its deliberations, the Spending Affordability Committee should publicly disclose the methodology for the determination of what spending is affordable.*
6. *The Spending Affordability Committee should hold at least one hearing, after preliminary recommendations are made, to allow public testimony.*
7. *Changes to the spending affordability limit adopted by the Spending Affordability Committee in December should only be made during a public meeting after adequate public notice.*
8. *Upward adjustments in revenue by the Board of Revenue Estimates in March should not be used to fund additional appropriations.*
9. *Budget Conference Committee meetings should be held in a public place and with adequate public notice.*
10. *All reports that are submitted by State agencies to the General Assembly should be available in a timely manner on the General Assembly’s web site.*
11. *Each State Task Force should be required to identify the source of funding for each recommendation.*

Ms. Januszkiewicz’s paper is published as part of the “[Perspectives from FSF Scholars](#)” series, now in its third volume.

Cecilia Januszkiewicz is a Senior Fellow at the Free State Foundation. In addition to serving as Secretary of Maryland’s Department of Budget and Management, Ms. Januszkiewicz also served as the Deputy Secretary from December 2003 to June 2005 and as counsel to the Department from 1988 through 2003.

A PDF version of the complete paper, “Avoiding Structural Deficits in Maryland: Recommendations for Reform,” is [here](#).

The Free State Foundation is an independent non-profit, tax-exempt Maryland-based think tank. Its purpose is to promote, through research and educational activities, understanding of free market, limited government, and rule of law principles.

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