

The Free State Foundation

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News Release

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FSF Report Says Curing Maryland's Deficits Requires Reform in Spending Mandates

Potomac, Md. – Maryland state government's structural deficits will continue for another five years and beyond unless it makes major reforms in its mandated spending, entitlements and formulas, according to a new study released by the Free State Foundation. The study is entitled, "Curing Maryland's Structural Deficits: A Call for Mandate Reform."

Visiting Fellow Len Lazarick, a long-time Maryland State House reporter, used the legislature's own reports to show the widening impact of budget mandates. State general fund spending has been growing twice as fast as revenues, and deficits totaling almost \$8 billion are likely over the next five years, despite claims that 2007 tax increases and formula changes had cured the "structural deficit" that have plagued the state.

Lazarick recommends a series of steps to put a lid on the mandated programs and entitlements that the Maryland General Assembly has used to tie up more than two-thirds of state spending.

"Without some fundamental reforms, the notion of a 'balanced' Maryland budget will continue to be a shell game featuring fund raids and short term fixes with no permanent solution in sight," Lazarick said.

Echoing recommendations made by Free State Foundation Senior Fellow Cecelia Januszkiewicz and the legislature's own fiscal experts, Lazarick recommends:

- capping the major spending mandates, such as Thornton school aid, at current spending levels, and examining all the other mandates;
- removing or deferring automatic increases in mandates and entitlements;

- enacting no new programs, mandates or entitlements without an accompanying spending cut or revenue source;
- putting sunset provisions in all mandated spending to force periodic review and justification for the spending;
- creating a new system of pension benefits for state retirees, capping the state's contribution for teacher pensions, and raising the cost for retiree health benefits or reducing the benefits to stave off huge future liabilities.

The study explains how and why Maryland got into this budget fix, and examines the costliest mandates for education, health care and retirement benefits.

Lazarick's paper is part of the fourth volume of the "Perspectives from FSF Scholars" series. A link to the PDF version of the study is [here](#).

Lazarick was the State House bureau chief for the former Baltimore Examiner newspaper, and has won regional and national awards for his coverage of state and local government in Maryland for over three decades.

The Free State Foundation is an independent, nonprofit, Section 501(c)(3) Maryland-based think tank. Its purpose is to promote, through research and educational activities, understanding of the principles of the free market, limited government, and rule of law.

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