

Investing *for* Public Health in Maryland

Fiscal Policy Choices & their Impact on Healthy Communities

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Maryland Center on Economic Policy

Every Marylander should be able to achieve their full potential in a healthy economy that offers a widely shared, rising standard of living.

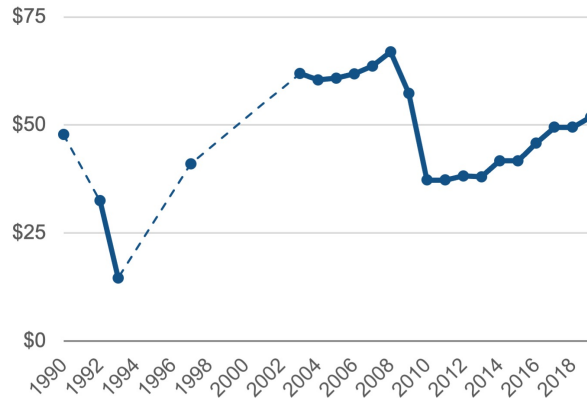
- We cannot achieve this vision unless we center racial, ethnic, gender equity
- Budgets are moral documents

Underinvesting in Core Public Health

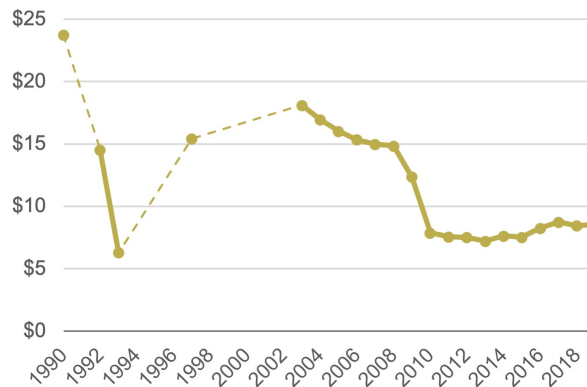
Core Funding Grants to County Boards of Health

FY 1990–2019

Raw Dollars



Inflation-adjusted funding per capita



Impact of Great Recession-Era Cuts:

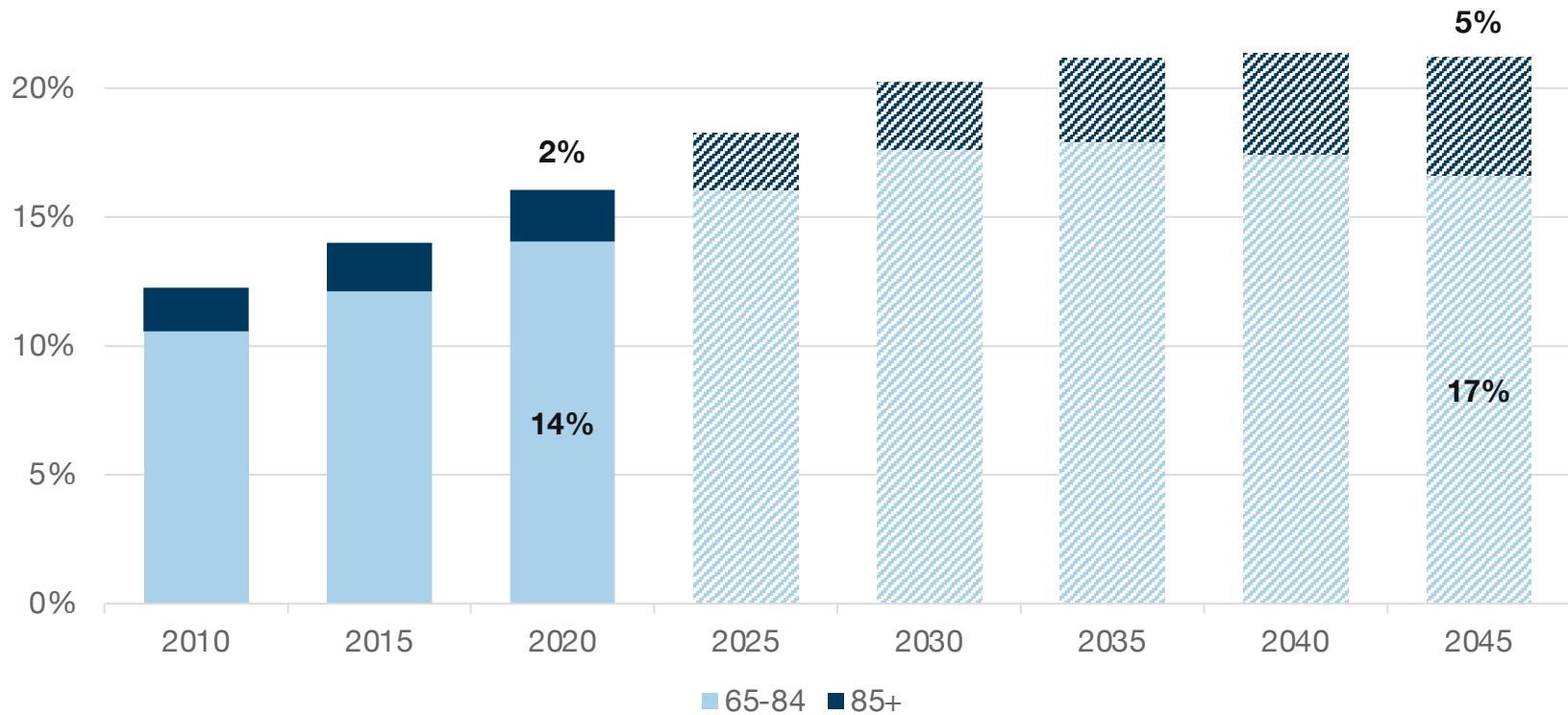
- **Staffing:**
 - **449 FTE positions cut** (FY 2009–2011)
- **Eliminated services:**
 - In-school vaccination (Frederick, Montgomery)
 - HIV clinic (Howard)
 - Water sampling (Cecil)
- **Higher service fees**
- **Aging IT infrastructure**

Graphic Source : MDCEP analysis of budget data from Department of Budget and Management and Department of Legislative Services; U.S. Census Bureau Population Estimates; U.S. Bureau of Economic Analysis inflation data (implicit price deflator for state and local government).

Growing Need for Long-Term Care

Population Aging to Continue for 20+ Years

Projected share of Maryland population ages 65–84 and 85+ through 2045



Graphic Source : Maryland Department of Planning, with calculations by MDCEP.

Maryland's Long-Term Care Workforce

Essential but Undervalued

Growing need:

- Est. **+10,600 jobs**, 2018–2028 (+41.5%)
- 3rd-fastest projected occupation growth

Who are we talking about?

- 74% are workers of color
- 64% are Black
- 84% are women
- 62% are women of color

Median wage (2020): **\$13.51**

- Equivalent to \$28,100 per year for a full-time worker

What does it cost to live in Maryland?

- **\$18.60** (Baltimore Metro Area)
- **\$24.64** (Washington Metro Area)

Wage required to support a “modest yet adequate” standard of living for a single adult not caring for children, working full time

Sources:

MDL workforce projections, IPUMS ACS demographic data, BLS wage data, Economic Policy Institute Family Budget Calculator

Investing in Maryland's Long-Term Care Workforce

- > 50% Medicaid-funded: State has leverage
- Wage pass-through requirement
- Enforce proper classification of employees
- Data collection: Wages, benefits, classification, turnover
- Consumer-directed model + collective bargaining
- Pair wage improvements with training, career advancement
- Federal funding offers a historic opportunity
- In long run, will require state investment
- Great resource: phinational.org

Investing *for* Public Health

- Public health experts know: **Context matters!**
- Marylanders have significant unmet needs:
 - Insufficient affordable housing
 - Inadequate access to childcare
 - Inequitable education funding
 - Uneven job opportunities
 - Understaffed state agencies
 - Early-life stress

What's needed:
Comprehensive investments

Maryland's Fiscal Situation

Today: Really good!

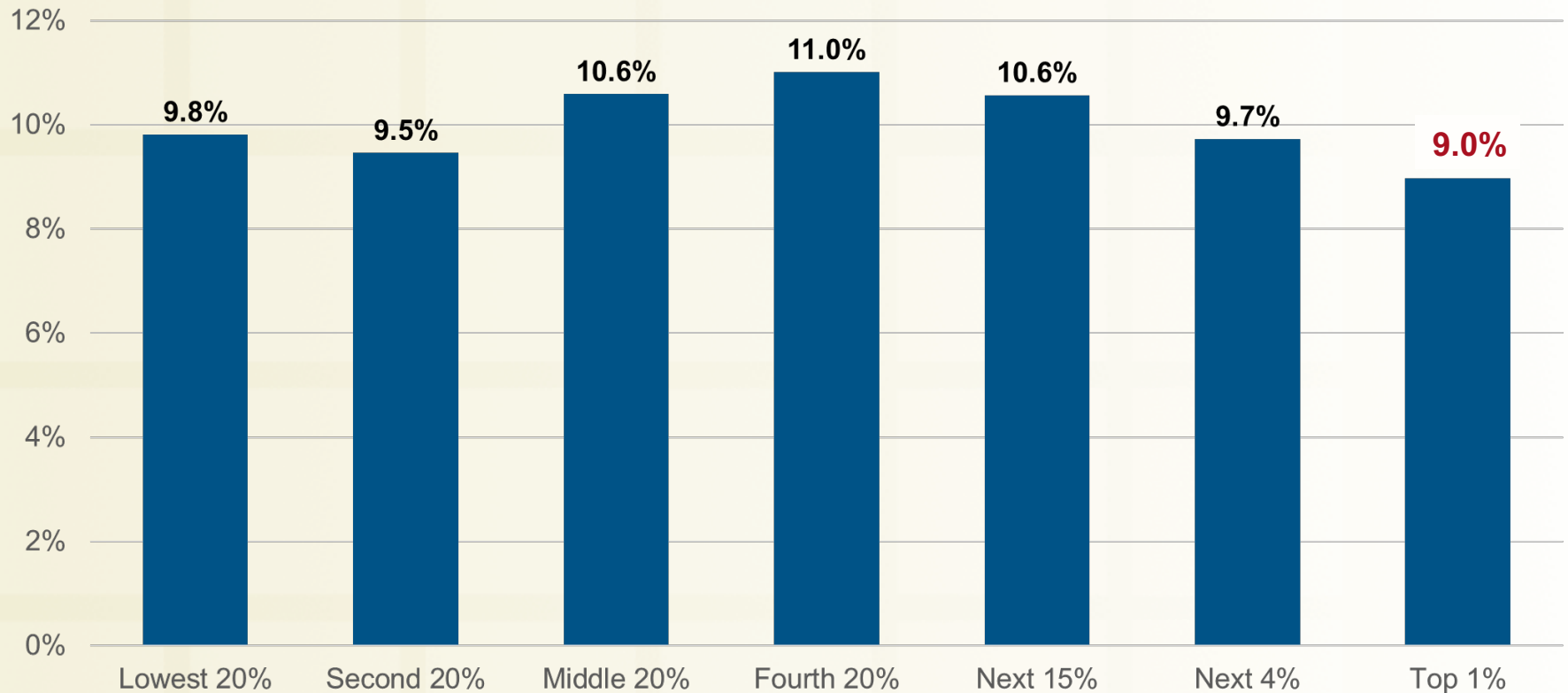
- **\$2.5 billion** FY 2021 GF surplus
- FY 2022 GF revenues revised upward by \$1 billion
- Why? ARP put money in families' pockets, and **it worked**
- ↑↑ That's **in addition** to direct federal aid
- Historic opportunity to help families, strengthen foundations

Long term:

- Significant uncertainty
- Federal pandemic aid isn't forever
- Let's not repeat past mistakes

**Let's talk
about taxes.**

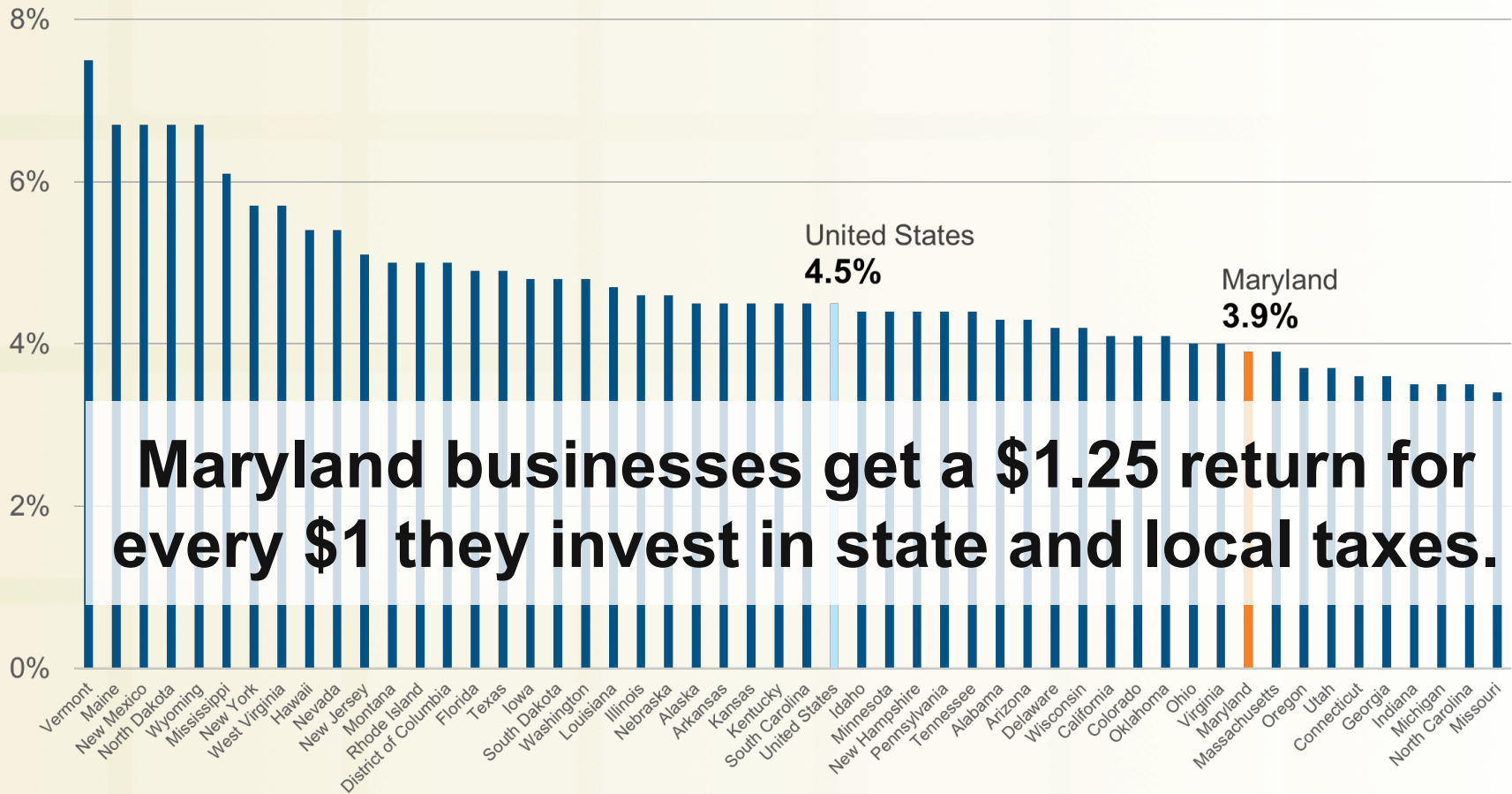
Wealthiest Marylanders Pay a Smaller Share of their Income in State and Local Taxes



Source: Institute on Taxation and Economic Policy, 2018.

Who Pays? A Distributional Analysis of the Tax System in All 50 States. (2018). Institute on Taxation and Economic Policy. See: http://www.itep.org/whopays/full_report.php

Business taxes are a smaller share of MD's economy than in most states



Maryland businesses get a \$1.25 return for every \$1 they invest in state and local taxes.

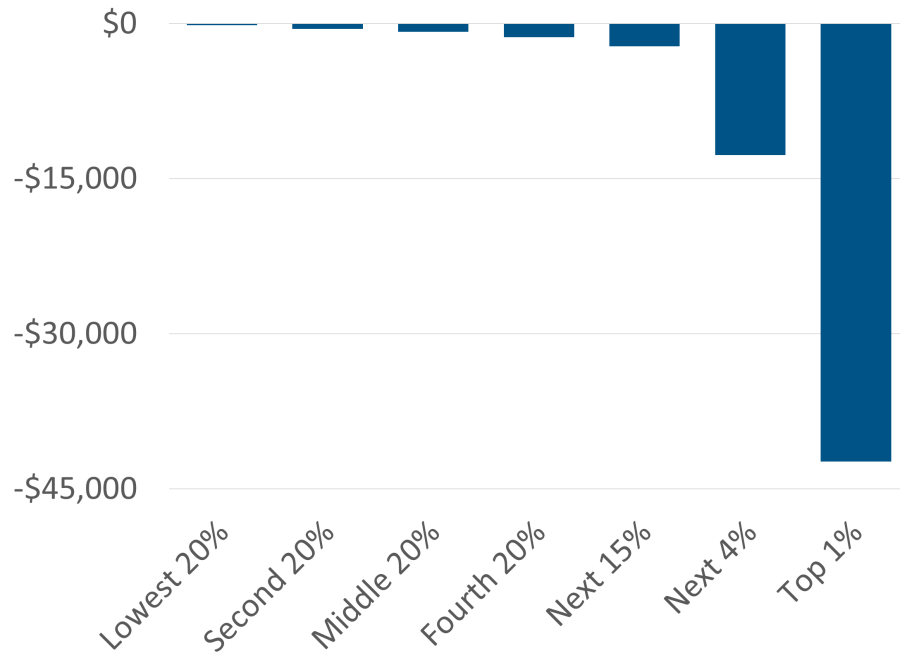
Ernst & Young, FY 2017 COST report on state and local taxes

Wealthiest MDers Got Big Tax Cut in 2017

Corporations and Wealthy Individuals Can Afford to Pay More

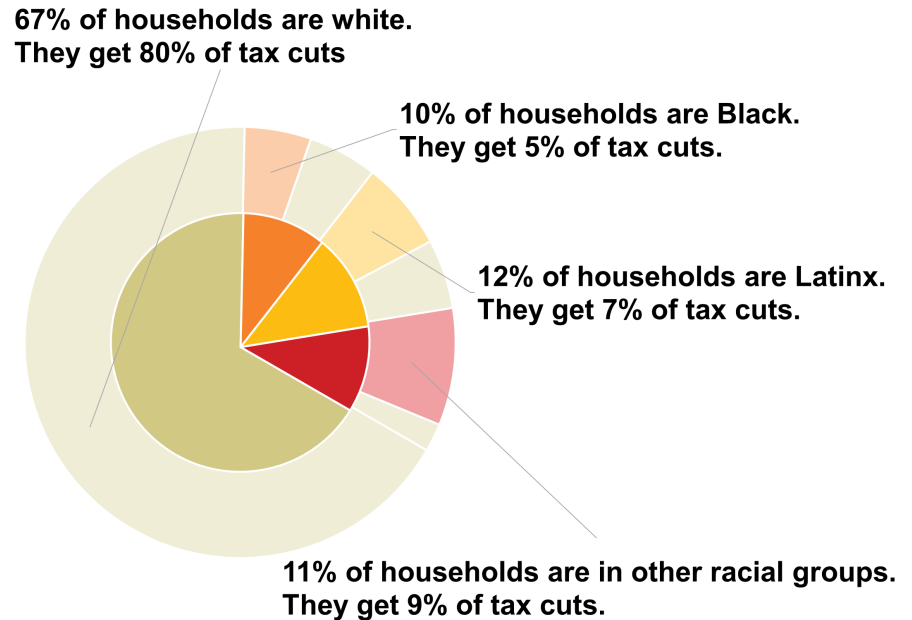
Federal Tax Cut Law Primarily Benefits Wealthiest White Households

Average tax cut under 2017 federal overhaul by income group in Maryland



Source: Institute on Taxation and Economic Policy, 2017.

Distribution of tax cuts among racial and ethnic groups nationwide



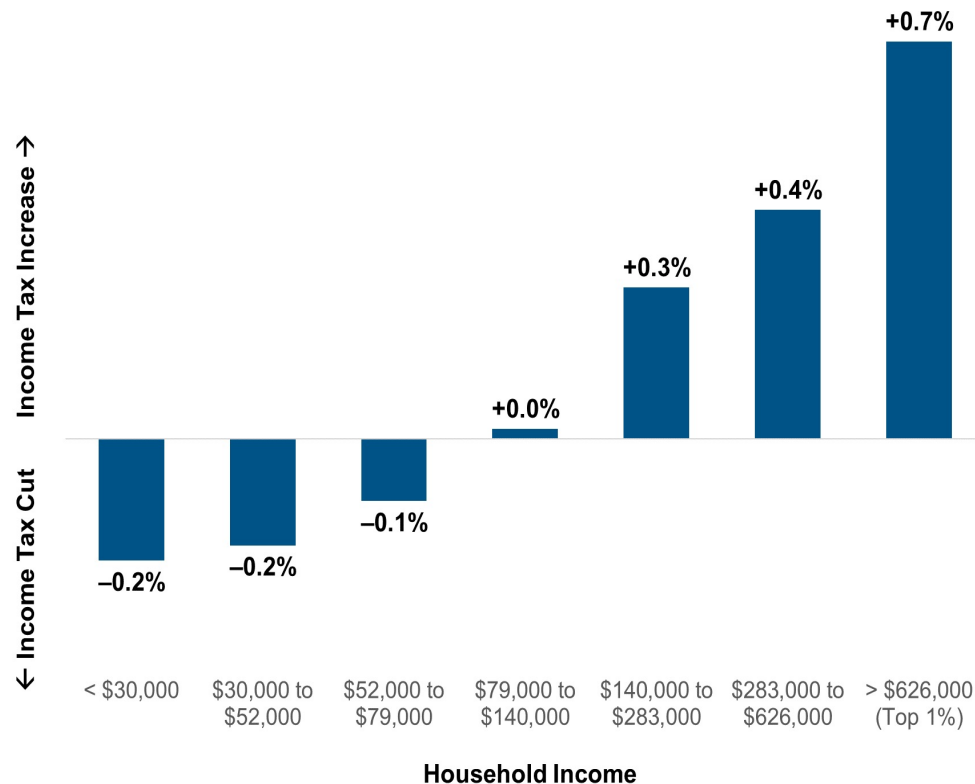
Source: Prosperity Now and Institute on Taxation and Economic Policy, 2018.

How to Improve Maryland's Tax Code:

- Close loopholes that only benefit large, profitable businesses
- Eliminate ineffective economic development subsidies
- Restore the pre-2014 estate tax on the top 3% of estates
- Fair income tax reform

Impact of State Income Tax Reform

Average tax increase/decrease (% of household income)

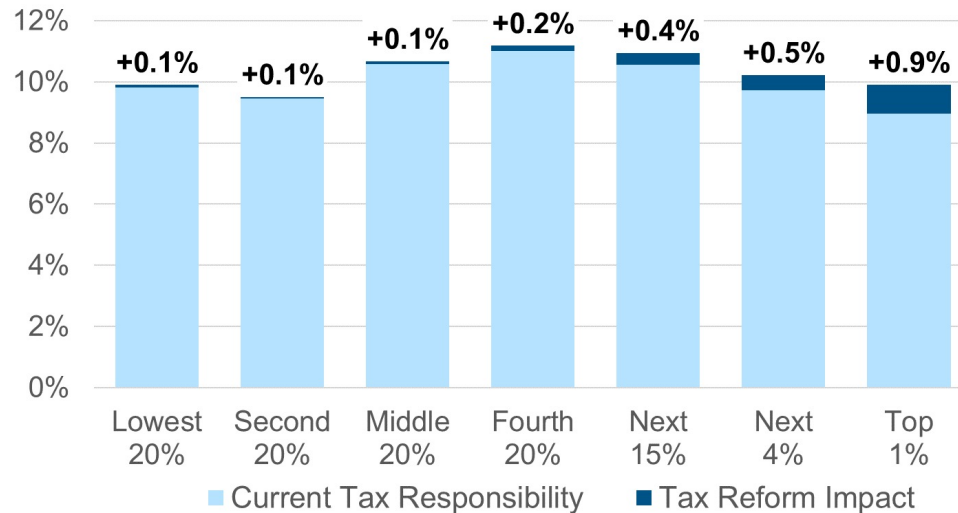


Result: A Fairer, More Effective Revenue System

- Strengthens long-term fiscal position
- Improves Maryland's upside-down tax code
- Advances racial equity

Tax Reform Would Help Build a More Equitable Revenue System in Maryland

Impact of tax reform as a share of income by income group



1 in 9

Black and Latinx households are among the wealthiest 20%.

1 in 4

White households are among the wealthiest 20%.

Source: Institute on Taxation and Economic Policy. Some revenue components are excluded from distributional estimates due to insufficient data. Note that the income classes used to define current tax responsibility differ slightly from those used to estimate tax reform impact. See endnotes xxviii and xxix for details

Looking Ahead

2020 Ballot Measure Creates New Opportunities

Current Budget System

- Most powerful governor in the country
- **Corollary:** Least powerful legislature
- Current system created 1916
- Legislature can only cut
- Can't increase funding
- **Can't move funding**
- Cf: Annual budget tug-of-war

Beginning in the 2023 Session:

- Comparable process to all the other states
- Legislature can move funding
- Legislature can't increase total budget
- Governor has line-item veto
- Supermajority can override

Looking Ahead

2020 Ballot Measure Creates New Opportunities

Current Budget System

- Budget development untransparent
- Limited advocacy opportunities with executive agencies
- Limited advocacy opportunities with governor
- Session advocacy opportunities:
 - Reject “contingent reductions”
 - “Fence off” money
 - Create future mandates
 - Cut more

Beginning in the 2023 Session:

- Same limited opportunities with executive branch
- New opportunity to advocate with legislators
- Every increase has to come with a corresponding cut (not revenue)
- Resist temptation to fight for crumbs

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