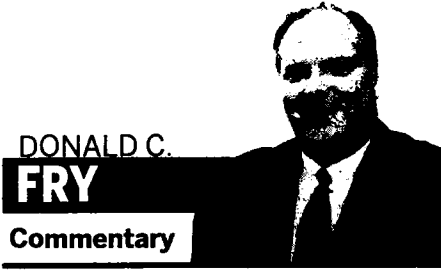


Maryland must spend its stimulus funds strategically



The old adage “money makes the world go round” is rarely more decisively demonstrated than when large amounts of government funding are to be distributed.

In Maryland, the prospect of Congress passing a federal stimulus package with half a trillion dollars in direct government spending to jumpstart the nation’s economy has prompted an avalanche of wish lists to descend upon the office of Gov. Martin O’Malley.

The lists come from state government agencies, cities and towns, county governments, community organizations, business leaders, civic advocates and others collectively suggesting hundreds of ways to spend portions of federal stimulus funding that could be headed this way.

Baltimore City’s list contains more than \$300 million worth of suggestions ranging from \$50 million for improving a reservoir to millions for school improvements, roads and traffic management equipment.

Annapolis is seeking \$75 million for utility lines, energy efficiency loans to residents and road repair, among other things.

The Maryland Department of Transportation has identified \$566 million in highway, transit, port and airport projects that could be launched within six months, including road resurfacing, bridge refurbishing, bus purchases and MARC station renovations.

A coalition of community advocates is asking that a third of Maryland’s stimulus funds be spent on repairing schools and building community centers.

Such wish lists are, no doubt, being replicated in states across the nation as everyone waits to see what will be the final legislative outcome of an \$825 billion stim-

ulus package that passed the House of Representatives last week and is now in the Senate. The House bill includes \$550 billion in direct federal spending on targeted priorities, ranging from energy development to saving jobs. It also contains \$275 billion in tax cuts.

The Senate will likely revise the bill, but congressional leaders have pledged to have an economic stimulus package ready for President Barack Obama’s signature in mid-February.

No one has officially calculated the amount of stimulus money that Maryland could get, but it could conceivably be a billion dollars or more. The governor and General Assembly leaders have made it clear that they are counting on stimulus funding, whatever amount it will be, to help ease Maryland’s current fiscal challenges.

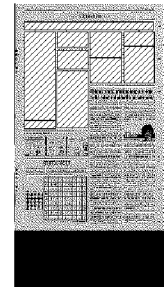
When it comes to distributing Maryland’s share of stimulus funding, the answer to the question of “who’s in charge” is straightforward — the governor. Congress is clearly looking to governors to match stimulus money to projects in states. Beyond that, most details about the allocation process remain to be worked out.

The extent of O’Malley’s discretion in allocating stimulus funds will ultimately be determined by parameters of the legislation that emerges from Congress.

Normally, the distribution procedure in Maryland would be the same as for the state’s budget. The governor has included \$350 million in presumed federal stimulus funding in the FY 2010 budget he announced Wednesday — an amount he said is deliberately conservative.

Presumably, he would send a supplemental budget for proposed spending of additional federal stimulus funds to the General Assembly for approval — possibly in an extended or special session, should congressional action be delayed. But at this point, it is not certain if that’s how stimulus funding would be handled.

This raises questions about process. Beyond sending wish lists to the governor, will there be a formal process for public input on stimulus allocations before the



governor sends them to the General Assembly?

What criteria will O'Malley use to choose among options for spending stimulus funds? Dana Thompson, the governor's director of federal relations, says only that O'Malley's priorities are to direct stimulus funds to projects that are "immediately ready to go" and that are well aligned with the stimulus bill's priorities, which currently include energy, science and technology, transportation infrastructure, education, health care, helping workers hurt by the economy, saving public-sector jobs and protecting vital services.

With all of the competing interests for funding, it is imperative that the governor and the General Assembly approve

projects based not on political expediency but on criteria that promptly injects money into the economy, advances the state's agenda and leverages our assets to position the state to be competitively stronger when the recession ends. The federal stimulus "pennies from heaven" must be spent strategically and wisely.

One thing is certain about the scramble for pieces of the federal stimulus funding pie: Expectations will, no doubt, exceed capacity.

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