# A roadmap for Maryland's historic and one-time $6 billion surplus

By Peter Franchot

Maryland has an extra $6 billion in its bank and a once-in-a-lifetime opportunity to invest in meaningful, life-changing ways that deliver immediate results for our citizens. With rising COVID cases, we must use our historic surplus to help fellow Marylanders who continue to struggle, while also investing wisely for the future by bolstering our Rainy Day Fund and paying for critical infrastructure projects.

At last month's Board of Revenue Estimates meeting, I joined fellow board members Budget Secretary David Brinkley and then-Treasurer Nancy Kopp in approving an increase to Maryland's revenue projections for the current and following fiscal years by a total of $1 billion. This comes on the heels of the Board's actions in September, when we increased our projections by $2 billion, and several days earlier, when I announced the state closed Fiscal Year 2021 with a surplus of $2.5 billion. All told, the State has an eye-popping $6 billion in unexpected, one-time revenue.

Although our state's economy appears to be on the road to recovery, the pandemic continues to prolong our rebound while taking its toll on the health and welfare of our citizens. The Governor and General Assembly -- after depositing $2 billion in our Rainy Day Fund to help protect us during future economic downturns -- must be deliberative in how to spend the remaining surplus.

Over the past 20 months, the state's top earners -- billionaires, millionaires and business executives -- are more likely to have come out ahead, while the bottom half of earners bore the brunt of the pandemic's financial impact. Our lower-wage workers and those who lost their jobs through no fault of their own experienced a multitude of challenges that still prevents them from returning to the workforce. Delayed or denied unemployment checks and slow-to-arrive rent relief wiped out the fragile financial security that so many were already struggling to maintain. There are too few high-paying jobs that can restore financial independence, and, to make matters worse, the shortage of affordable child care has prevented so many of our fellow Marylanders, particularly women, from returning to the workforce.

With the uncertainty of the Omicron Variant, the Governor and our state lawmakers must seize this historic opportunity to take action now to help our most vulnerable and protect our emergency reserves. Here's what I believe they should do.

First, the State should immediately enact another round of economic survival payments for the most financially insecure, but this time, increase the amount to $2,000. I advocated for this proposal last year, but opponents said we couldn't afford it and capped checks at $500 per household. Now we know that we can and tens of thousands of Marylanders still need our help. Price tag: $1 billion.

Second, we must provide immediate financial support to our child care industry. Over the past 20 months, more than 750 child care providers in Maryland have closed due in large part to the government's inability to distribute promised financial assistance in a timely manner. Without reliable, accessible and affordable child care, our economic recovery will be stunted. A portion of our surplus should be set aside for the child care industry, incentivizing shuttered operators to re-open, hiring qualified staff at higher wages and following the federal government's lead by subsidizing the cost of child care for families that can't afford it. Price tag: $500 million.

Third, we should support the mom-and-pop stores that represent the beating heart of the state's economy by providing direct financial relief to small businesses. They're still struggling to keep the lights on, and now they face another decline in sales as customers scale back their in-person shopping due to Omicron. This relief needs to be immediate and target small businesses in hard-hit industries, particularly our minority-owned and women-owned entities. Our MBEs and WBEs bore the disproportionate brunt of the economic impact of COVID. We must remedy that injustice, and we can do so with a new round of economic relief. Price tag: $500 million.

Fourth, the state should shore up our Rainy Day Fund. COVID-19 caught us flat-footed; we must do a much better job at financially preparing for the next economic crisis. There will be another, it's just a matter of when. So let's get ahead of the curve and allocate one-third of this historic surplus into our reserves. This action strengthens our ability to adjust for future economic downturns without the need for painful budget cuts, allow swifter and more robust disbursement of economic aid, and reduce disruptions in core government services. Price tag: $2 billion.

Lastly, the state should allocate the remaining $2 billion to fund its share of high-priority infrastructure projects that will have lasting, meaningful impact. Specifically, the state should invest in three critical infrastructure areas: Baltimore City's Red Line, green energy projects that will allow the state to transition to 100% renewable energy by 2030, and high speed internet connectivity for all Marylanders. These infrastructure priorities reflect the one-time nature of this surplus. We can and must invest in projects that help tackle critical issues like climate change and mass transportation, while creating high paying jobs and generating significant and sustained economic activity.

This ambitious proposal for economic relief and investment isn't cheap, but it's a good problem to have to figure out. While $6 billion may seem like a lot of money, the truth is our inaction – or failure to meet this crisis with a proportionate response – will have far more devastating financial consequences.

This road map allows our state to strengthen its finances, invest in consequential infrastructure projects, and provide support to those small businesses and state residents who have been hit hardest by the pandemic. We can't Build Back Better if everyone doesn't have the opportunity to share in the prosperity of this economic recovery.

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