State Revenue Board Cites Economic Uncertainty, Urges Care in Spending
By Danielle E. Gaines
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Maryland’s top fiscal leaders urged restraint in state spending on Thursday as the state faces an increasing number of COVID-19 cases.

The Board of Revenue Estimates met Thursday afternoon but chose not to update prior budget estimates for the current and next fiscal year, citing economic uncertainty due to the global pandemic.

“The way that it looks today, we could be staring down anything between a short semi-impactful disruption to a prolonged, full-blown recession,” Andrew Schaufele, director of Maryland’s Bureau of Revenue Estimates said during a brief meeting in the state treasury building.

Comptroller Peter V.R. Franchot (D) said the state was in a “highly volatile situation.”

“Each and every day, entities within the public and private sectors make adjustments that impact our fiscal markets, consumer behavior and our way of life,” Franchot said. “Obviously, we don’t know how long this pandemic will last, or how much worse it will get, so at this point, it’s not possible to assess the full economic impact on our state.”

Franchot, who has declared a likely 2022 bid for governor, veered from fiscal policy to address public health concerns. He urged the state to adopt policies similar to those in South Korea where mass COVID-19 testing is credited with slowing the rate of transmission, over the lockdown policies put in place by Italy.

“Hopefully the leadership will take the right direction to go in and we’re going to protect ourselves against moving in a really bleak direction, which is the current lockdown of everything in Italy,” Franchot said. “That’s going to require swift action by the folks that have the authority to make those decisions. And undoubtedly, they’re going to have an immeasurable impact on our economic and fiscal health and that just underscores the gravity and historic nature of this pandemic and what it could do to our state.”

As of Thursday evening, there were 12 positive cases of COVID-19 announced by health officials in the state. Two patients remain in hospitals, while three people have fully recovered and are out of quarantine.

Maryland Budget Secretary David R. Brinkley urged General Assembly lawmakers to think twice about raising taxes to fund education reform efforts in light of the potential economic impact of COVID-19 cases. He also urged lawmakers to increase the amount of money left behind in the state’s Rainy Day Fund and cash balances in case more money is needed to respond to the worldwide outbreak.
“Maryland’s best path forward is to continue to show restraint, save for a rainy day and spend responsibly,” Brinkley said. “With great potential for economic uncertainty, it’s more important now than ever to be careful of what we spend in the present and what we commit to in the future.”

Nancy Kopp (D) — who as state treasurer, sits on the three-member board with the comptroller and budget secretary — said that while government was taking quick action to respond to COVID-19 cases, leaders also need to be sure not to incite panic or stigmatization.

“Panic is not a good thing. Competence and confident action are,” Kopp said. “And I’m glad to say that thus far this state has shown good leadership. I wish that the folk in the White House could take some lessons from us.”