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Governor

*BOYD K. RUTHERFORD*  
Lieutenant Governor

*DAVID R. BRINKLEY*  
Secretary

**PUBLIC DEBT**  
**FY 2016 BUDGET HEARING**

**Testimony of**  
**David R. Brinkley, Secretary**  
**Department of Budget and Management**  
**Senate Budget and Taxation Committee**  
**February 17, 2015**

Chairman Kasemeyer and members of the Committee, thank you for this opportunity to respond to the Department of Legislative Services (DLS) analysis of Public Debt.

The Administration has been asked to brief the Committee on any plans it has to return to the practice of supporting private activity capital projects with general funds. While we agree with the analyst's argument in principle, the availability of general funds for PAYGO will depend on the State's budget posture year to year. At this point so early in the Administration's tenure, no plans have been developed with regard to future funding of private activity capital projects with general funds. However, the Administration will keep the Committee apprised as any such plans are developed.

We would also note that the Administration shares the analyst's concern about growing debt levels and rising debt service costs. To that end, the Governor's FY 2016 capital budget holds new general obligation bond authorizations under \$1 billion, well below the thresholds

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recommended by both the Capital Debt Affordability Committee and Spending Affordability Committee, as a first step in reining in debt service costs. Under the Governor's five year capital spending plan, debt service costs are reduced by \$32 million in FY 2020 compared to levels approved by CDAC.

Thank you for your consideration of the Administration's position. We look forward to working with you on these important issues.