

D15A05
Boards, Commissions, and Offices
Executive Department

Operating Budget Data

(\$ in Thousands)

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$6,940	\$7,294	\$7,831	\$537	7.4%
Adjustments	0	103	50	-53	
Adjusted General Fund	\$6,940	\$7,397	\$7,881	\$484	6.5%
Special Fund	614	689	751	62	9.1%
Adjustments	0	0	4	4	
Adjusted Special Fund	\$614	\$689	\$755	\$66	9.6%
Federal Fund	4,798	5,348	4,849	-499	-9.3%
Adjustments	0	-5	3	8	
Adjusted Federal Fund	\$4,798	\$5,343	\$4,852	-\$491	-9.2%
Reimbursable Fund	459	513	586	73	14.2%
Adjustments	0	0	1	1	
Adjusted Reimbursable Fund	\$459	\$513	\$587	\$74	14.5%
Adjusted Grand Total	\$12,811	\$13,941	\$14,074	\$133	1.0%

FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The Governor's proposed budget includes a fiscal 2018 deficiency appropriation of \$165,268 in general funds for the Banneker-Douglass Museum to address maintenance and safety issues.
- The fiscal 2019 adjusted allowance increases by \$133,301, or 1%, compared to the fiscal 2018 adjusted working appropriation. A large increase (\$380,652 in general funds) is due to an update for the State Ethics Commission's electronic filing systems.

Note: Numbers may not sum to total due to rounding.

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Analysis of the FY 2019 Maryland Executive Budget, 2018

Personnel Data

	<u>FY 17 Actual</u>	<u>FY 18 Working</u>	<u>FY 19 Allowance</u>	<u>FY 18-19 Change</u>
Regular Positions	64.10	65.10	67.10	2.00
Contractual FTEs	<u>4.50</u>	<u>4.00</u>	<u>6.00</u>	<u>2.00</u>
Total Personnel	68.60	69.10	73.10	4.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.42	0.65%
Positions and Percentage Vacant as of 12/31/17	6.80	10.45%

- The fiscal 2019 allowance includes 67.1 regular positions, an increase of 2.0 positions from the fiscal 2018 working appropriation. The 2.0 positions are existing communications and policy positions in the Governor's Office for Children being transferred to the Governor's Coordinating Offices Shared Services unit.
- The fiscal 2019 allowance also includes 6.0 contractual full-time equivalents (FTE), an increase of 2.0 FTEs from the fiscal 2018 working appropriation. The 2.0 added positions will provide training and technical assistance support for federally funded National Service Training programs in the Governor's Office of Community Initiatives (GOCI).
- Turnover expectancy is set at 0.65%, requiring 0.42 vacancies. As of December 31, 2017, there was a vacancy rate of 10.45% and 6.8 vacant positions.

Analysis in Brief

Major Trends

Governor’s Office for Small, Minority, and Women Business Affairs Outreach Efforts Expand: The Governor’s Office for Small, Minority, and Women Business Affairs (GOSBA) offered more opportunities for the small business community, especially minority business enterprises (MBE), to learn more about Small Business Reserve and MBE procurement programs.

Number of Visitors to the Banneker-Douglass Museum Sharply Declines: GOCI reports that the number of visitors to the Banneker-Douglass Museum has decreased due to vacant education curator and facilities maintenance positions as well as less programming and marketing. Museum staff also discovered extensive water damage, causing the staff to close the church gallery section of the museum.

Operating Budget Recommended Actions

1. Concur with Governor’s allowance.

Updates

New Responsibilities for GOSBA: Under Chapter 119 of 2016, GOSBA assumed responsibility for overseeing the Small Business Reserve Program from the Department of General Services on July 1, 2016. The office has now had responsibility over the program for more than a year, and this update discusses the current status of the program and its impact on the office’s operations.

D15A05 – Executive Department – Boards, Commissions, and Offices

D15A05
Boards, Commissions, and Offices
Executive Department

Operating Budget Analysis

Program Description

The Boards, Commissions, and Offices unit of the Executive Department contains various entities created by an executive order to provide planning and coordination for Executive Branch functions or to investigate and make recommendations on problems affecting the administration of government or the welfare of the State.

The unit includes Survey Commissions; the Governor's Office of Small, Minority, and Women Business Affairs (GOSBA), formerly the Governor's Office of Minority Affairs; the Governor's Office of Community Initiatives (GOCI); the State Ethics Commission; the Health Care Alternative Dispute Resolution Office; the Governor's Office of Crime Control and Prevention (GOCCP); the State Commission on Criminal Sentencing Policy; the Governor's Grants Office; and the State Labor Relations Board. As of the fiscal 2017 budget bill, the unit also includes the Contract Appeals Resolution, previously funded under the Maryland State Board of Contract Appeals.

The fiscal 2019 budget bill also includes the Governor's Coordinating Offices Shared Services unit within this unit. The office will provide communications, public policy, and administrative services for the Governor's Coordinating offices located in Crownsville.

The Department of Legislative Services prepares a separate analysis for GOCCP.

Performance Analysis: Managing for Results

Selected performance measures from various boards, commissions, and offices are presented in **Exhibit 1**.

1. Governor's Office of Small, Minority, and Women Business Affairs Outreach Efforts Expand

GOSBA oversees programs with the goal of improving Minority Business Enterprise (MBE) participation in State contracts, especially with the Maryland Department of Transportation. The office holds meetings and conferences, offers training on the contracting process, and offers technical assistance to MBEs and State agencies. As shown in Exhibit 1, the number of GOSBA-hosted small business events increased to 32 in fiscal 2017, an 88.2% increase. GOSBA attributes that to adding the technical training classroom, a series of small group classes focusing on the procurement process, in March 2017. GOSBA continues to host Ready, Set, GROW!, a monthly procurement connections workshop.

In addition to its website and webinar programming, GOSBA uses social media platforms, specifically Facebook and Twitter, to share resources with small businesses. From fiscal 2016 to 2017, the number of “likes” on Facebook and “followers” on Twitter increased by 90% to a total of 2,396.

Exhibit 1
Program Measurement Data for GOSBA, GOCI, and
The State Ethics Commission
Fiscal 2014-2018

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Est.</u> <u>2018</u>	<u>% Change</u> <u>2016-2017</u>
Office of Small, Minority, and Women Business Affairs						
GOSBA-hosted Small Business Events	n/a	15	17	32	35	88.2%
Individuals in GOSBA’s Social Media Community	n/a	n/a	1,261	2,396	3,000	90.0%
Office of Community Initiatives						
Total Funds Granted to Community-based Organizations (\$ in Thousands)	\$3,164	\$3,390	\$3,970	\$4,458	\$4,258	12.3%
Americorps Members	612	1,011	1,026	835	835	-18.6%
Americorps Volunteers	14,421	14,098	13,853	10,454	10,454	-24.5%
Volunteer Maryland Volunteers	8,239	10,204	9,996	8,057	8,057	-19.4%
Volunteer Maryland Hours Contributed to State	65,518	91,755	89,230	63,535	63,535	-28.8%
Ethnic and Cultural Community Events	644	505	795	1,063	667	33.7%
Visitors to Banneker-Douglass Museum	21,623	21,850	21,850	8,042	9,000	-63.2%
State Ethics Commission						
State Officials and Lobbyists Receiving Training	1,622	1,797	1,588	1,636	1,627	3.0%
Formal Legal Complaints Issued	30	62	126	36	45	-71.4%
Local Governments Receiving Ethics Ordinance Assistance	35	31	21	25	23	19.0%

GOCI: Governor’s Office of Community Initiatives

GOSBA: Governor’s Office of Small, Minority, and Women Business Affairs

Source: Department of Budget and Management

2. Number of Visitors to the Banneker-Douglass Museum Sharply Declines

Serving as the State’s primary liaison to nonprofit and local community organizations, GOCI focuses on the needs of various cultural communities in Maryland and also works to increase community services throughout the State. GOCI oversees the Governor’s Office on Service and Volunteerism and also houses culturally focused bodies, such as the Commission on Hispanic Affairs and the Commission on Asian Pacific American Affairs.

Exhibit 1 shows that funds granted to community-based organizations totaled \$4,458,107 in fiscal 2017, an increase of \$488,455, or 12.3%, from fiscal 2016. The number of Volunteer Maryland volunteers recruited decreased by 1,939, or 19.4%, from fiscal 2016. The Executive Department primarily attributes this decrease to partnering with different service sites each year. For example, the Alice Ferguson Foundation, which historically had recruited over 5,000 volunteers in one year, did not partner with Volunteer Maryland in fiscal 2017. Together, the volunteers donated 63,535 hours of community service to the State, a decrease of 25,695 hours of service, or 28.8%. The number of AmeriCorps volunteers decreased by 3,399, or 24.5%, to a total of 10,454 in fiscal 2017.

GOCI has reported a significant decline in the number of visitors to the Banneker-Douglass Museum for fiscal 2017. The Banneker-Douglass Museum, a component of the Commission on African American History and Culture, is the State’s official museum of African American heritage. The number of visitors to the museum decreased by 13,808 visitors, or 63.2%, from fiscal 2016 to 2017. GOCI attributes the decrease to staff turnover causing vacancies in the facilities maintenance and education curator positions, less programming and marketing, and fewer groups visiting the museum. The church gallery in the museum was also closed due to water damage discovered in late January 2017. The fiscal 2019 allowance includes a deficiency appropriation for \$165,268 in general funds to complete the repairs on extensive water damage on the interior and exterior façade of the church gallery.

Fiscal 2018 Actions

Proposed Deficiency

The allowance includes a deficiency appropriation of \$165,268 in general funds. This is intended for the Banneker-Douglass Museum to address maintenance and safety issues.

Cost Containment

On September 6, 2017, the Board of Public Works approved cost containment actions reducing fiscal 2018 appropriations for this agency by \$25,963. The general fund appropriation was reduced to achieve salary savings of \$11,553 from holding positions vacant and \$14,410 from downgrading a position.

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency's share of this reduction is \$62,546 in general funds and \$5,264 in federal funds.

Proposed Budget

As shown in **Exhibit 2**, the fiscal 2019 adjusted allowance increases by \$133,301, or 1%, compared to the fiscal 2018 working appropriation. This increase is driven by a \$380,652 increase in general funds for an update to the State Ethics Commission's electronic filing systems.

Exhibit 2
Proposed Budget
Executive Dept – Boards, Commissions, and Offices
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2017 Actual	\$6,940	\$614	\$4,798	\$459	\$12,811
Fiscal 2018 Working Appropriation	7,397	689	5,343	513	13,941
Fiscal 2019 Allowance	<u>7,881</u>	<u>755</u>	<u>4,852</u>	<u>587</u>	<u>14,074</u>
Fiscal 2018-2019 Amount Change	\$484	\$66	-\$491	\$74	\$133
Fiscal 2018-2019 Percent Change	6.5%	9.6%	-9.2%	14.5%	1.0%

Where It Goes:

Personnel Expenses

New positions, 2.0 full-time equivalents in Governor's Coordinating Offices Shared Services Unit	\$274
Employee and retiree health insurance, primarily the impact of fiscal 2018 payroll holidays	58
General salary increase	58
Restoration of September 6, 2017 Board of Public Works cost containment action	26
Reclassification	25
Other fringe benefits	4
Regular earnings	-53

Other Changes

D15A05 – Executive Department – Boards, Commissions, and Offices

Where It Goes:

Update for the State Ethics Commission financial and lobbyist disclosure electronic filing systems.....	381
Other	2
Travel	-27
Americorps grants	-110
End of grant for Mid-Atlantic Regional National Service Conference (held in June 2017)	-115
One-time fiscal 2018 deficiency appropriation for Banneker-Douglass Museum.....	-165
Volunteer Generation Fund Award ending	-225
Total	\$133

Note: Numbers may not sum to total due to rounding.

Personnel

Personnel expenditures have a net increase of \$391,599 from the fiscal 2018 working appropriation. Changes include increases for salaries and fringe benefits for transferred positions into the Governor’s Coordinating Offices Shared Services unit (\$273,872), employee and retiree health insurance reflecting the impact of the fiscal 2018 health insurance payroll holidays (\$57,890), and restored funds from the September 6, 2017 Board of Public Works cost containment actions (\$25,963).

The fiscal 2019 allowance also includes funds for a 2.0% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management’s statewide program and will be distributed to agencies during the fiscal year. This agency’s share of the general salary increase is \$49,693 in general funds, \$3,842 in special funds, \$2,659 in federal funds, and \$1,467 in reimbursable funds. In addition, employees will receive another 0.5% increase and a \$500 bonus effective April 1, 2019, if actual fiscal 2018 general fund revenues exceed the December 2017 estimate by \$75 million. These funds have not been budgeted. The Administration will need to process a deficiency appropriation if revenues are \$75 million more than projected.

Other Changes

The most significant change is an increase of \$380,652 for upgrades to the State Ethics Commission’s two electronic filing systems for financial disclosures for the Executive and Legislative branches and lobbyist disclosures. Additional changes include decreases of \$225,000 in grant funds for Maryland Volunteer Centers and Connector organizations, \$165,268 to account for a fiscal 2018 proposed deficiency, and \$115,000 to account for a fiscal 2018 federal award for a National Service conference.

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. New Responsibilities for GOSBA

Under Chapter 119 of 2016, GOSBA assumed responsibility for overseeing the Small Business Reserve (SBR) program from the Department of General Services (DGS) on July 1, 2016. The SBR program was established to increase participation of small businesses in State contracting by adding rules to the State procurement process that give preference to qualifying prime contractors. Chapter 438 of 2017 expanded the SBR program from 23 agencies to 70 agencies and increased the overall goal from 10% to 15% of State contracting dollars to be reserved for qualifying small businesses.

GOSBA assumed responsibility for overseeing the SBR program after it discovered data from the software vendor for eMaryland Marketplace was incorrect and allowed contractors to remain SBR-qualified after they ceased to meet statutory requirements for the program. After correcting the reporting error for fiscal 2016, Managing for Results data showed that the State fell well short of the SBR attainment goal with only 7% of contract dollars going to qualifying contractors.

GOSBA's new oversight of the SBR program transferred the following duties from DGS: verifying the status of the SBR vendors; auditing SBR vendors who receive awards to the agency's existing tasks; and responding to daily help desk inquiries. GOSBA reports that the 2017 program expansion more than doubles its role in agency compliance, staff training, and collection and analysis of data from the agencies. Due to the program expansion, staff plan to conduct quarterly training sessions on designating SBR procurements (geared toward existing and new participating agencies), to require basic training for new participating agencies, and to expand statewide outreach to educate the vendor community. As a result of this training and outreach, GOSBA anticipates increased need for help desk assistance and onsite compliance inspections for vendors.

GOSBA reports that when DGS had oversight duties, 1 full-time equivalent (FTE) and part-time assistance from 5 FTEs executed these duties. The fiscal 2018 budget added 1 contractual FTE to GOSBA to comply with Chapter 119 and support agency regulatory responsibility over the SBR program. GOSBA is in the process of hiring this FTE.

Appendix 1
Current and Prior Year Budgets
Executive Department – Boards, Commissions, and Offices
(\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2017					
Legislative Appropriation	\$7,110	\$683	\$4,426	\$572	\$12,791
Deficiency Appropriation	0	20	292	0	312
Cost Containment	-35	0	0	0	-35
Budget Amendments	239	0	181	0	419
Reversions and Cancellations	-374	-90	-100	-113	-676
Actual Expenditures	\$6,940	\$614	\$4,798	\$459	\$12,811
Fiscal 2018					
Legislative Appropriation	\$7,176	\$689	\$5,348	\$513	\$13,726
Cost Containment	-26	0	0	0	-26
Budget Amendments	144	0	0	0	144
Working Appropriation	\$7,294	\$689	\$5,348	\$513	\$13,844

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

Actual expenditures for fiscal 2017 were \$12,810,714, a net increase of \$19,862 from the legislative appropriation.

A deficiency appropriation for conference-related expenses in the Governor's Grants Office added \$20,000 in special funds. Another deficiency for the Governor's Office of Service and Volunteerism to host the Regional National Service in Training Conference increased federal funds by \$292,174.

A cost containment action eliminating 1 vacant contractual position for an executive assistant for the State Labor Relations Board reduced general funds by \$35,401.

Budget amendments led to a net increase of \$238,266 in general funds and \$180,827 in federal funds. The amendments included the following additions: \$77,116 in general funds and \$30,827 in federal funds for centrally budgeted salary increments; \$137,351 in general funds for unanticipated rent expenses for the new Crownsville offices; and \$150,000 in federal funds for the Governor's Office of Community Initiatives' unanticipated expenses.

These actions were offset by a total of \$373,502 in reversions and \$302,903 in cancellations. There was \$332,793 in general funds originally appropriated for salaries that reverted due to unanticipated vacancies. An additional \$29,299 originally intended for fiscal 2017 health benefits disbursements reverted to the General Fund. The Executive Department reverted \$11,410 in general funds due to lower than expected expenditures for Public School and State Labor Boards. A total of \$189,877 (\$89,701 in special funds and \$100,176 in federal funds) was canceled due to overestimated funds based on anticipated revenue. A \$17,923 cancellation in reimbursable funds was due to lower than expected expenditures for State Higher Education. Another \$94,804 in reimbursable funds was cancelled due to overestimated reimbursable funds.

Fiscal 2018

To date, three actions caused the fiscal 2018 general fund appropriation to increase by \$117,865. A cost containment action reduced the appropriation by \$25,963. The budget increased by \$143,828 due to two amendments that transferred general funds for 4 full-time equivalents to the Governor's Coordinating Offices shared services unit.

Appendix 2
Object/Fund Difference Report
Executive Department – Boards, Commissions, and Offices

<u>Object/Fund</u>	<u>FY 17 Actual</u>	<u>FY 18 Working Appropriation</u>	<u>FY 19 Allowance</u>	<u>FY 18 - FY 19 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	64.10	65.10	67.10	2.00	3.1%
02 Contractual	4.50	4.00	6.00	2.00	50.0%
Total Positions	68.60	69.10	73.10	4.00	5.8%
Objects					
01 Salaries and Wages	\$ 6,417,563	\$ 6,666,090	\$ 6,932,218	\$ 266,128	4.0%
02 Technical and Spec. Fees	1,107,630	1,267,210	1,294,062	26,852	2.1%
03 Communication	104,491	112,677	111,867	-810	-0.7%
04 Travel	123,680	142,876	115,565	-27,311	-19.1%
06 Fuel and Utilities	74,264	83,510	74,173	-9,337	-11.2%
07 Motor Vehicles	10,151	25,470	9,703	-15,767	-61.9%
08 Contractual Services	511,971	655,809	947,293	291,484	44.4%
09 Supplies and Materials	42,761	63,966	52,642	-11,324	-17.7%
10 Equipment – Replacement	14,054	18,200	14,430	-3,770	-20.7%
11 Equipment – Additional	8,208	9,571	3,087	-6,484	-67.7%
12 Grants, Subsidies, and Contributions	4,223,673	4,625,368	4,278,459	-346,909	-7.5%
13 Fixed Charges	172,268	172,811	183,157	10,346	6.0%
Total Objects	\$ 12,810,714	\$ 13,843,558	\$ 14,016,656	\$ 173,098	1.3%
Funds					
01 General Fund	\$ 6,939,764	\$ 7,294,012	\$ 7,831,083	\$ 537,071	7.4%
03 Special Fund	613,678	688,567	751,003	62,436	9.1%
05 Federal Fund	4,798,356	5,348,049	4,848,892	-499,157	-9.3%
09 Reimbursable Fund	458,916	512,930	585,678	72,748	14.2%
Total Funds	\$ 12,810,714	\$ 13,843,558	\$ 14,016,656	\$ 173,098	1.3%

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 3
Fiscal Summary
Executive Department – Boards, Commissions, and Offices

<u>Program/Unit</u>	<u>FY 17 Actual</u>	<u>FY 18 Wrk Approp</u>	<u>FY 19 Allowance</u>	<u>Change</u>	<u>FY 18 - FY 19 % Change</u>
01 Survey Commissions	\$ 125,906	\$ 130,000	\$ 125,857	-\$ 4,143	-3.2%
03 Office of Small, Minority, and Women Business	1,223,738	1,290,918	1,217,201	-73,717	-5.7%
05 Governor's Office of Community Initiatives	7,803,927	8,431,728	7,984,474	-447,254	-5.3%
06 State Ethics Commission	1,198,789	1,253,155	1,657,474	404,319	32.3%
07 Health Care Alternative Dispute Resolution	445,183	418,275	413,852	-4,423	-1.1%
20 State Commission on Criminal Sentencing Policy	498,959	499,535	498,663	-872	-0.2%
22 Governor's Grants Office	318,436	375,498	323,708	-51,790	-13.8%
23 State Labor Relations Board	437,997	434,271	417,670	-16,601	-3.8%
24 Contract Appeals Resolution	757,779	703,074	721,436	18,362	2.6%
25 Governor's Coordinating Offices Shared Services	0	307,104	656,321	349,217	113.7%
Total Expenditures	\$ 12,810,714	\$ 13,843,558	\$ 14,016,656	\$ 173,098	1.3%
General Fund	\$ 6,939,764	\$ 7,294,012	\$ 7,831,083	\$ 537,071	7.4%
Special Fund	613,678	688,567	751,003	62,436	9.1%
Federal Fund	4,798,356	5,348,049	4,848,892	-499,157	-9.3%
Total Appropriations	\$ 12,351,798	\$ 13,330,628	\$ 13,430,978	\$ 100,350	0.8%
Reimbursable Fund	\$ 458,916	\$ 512,930	\$ 585,678	\$ 72,748	14.2%
Total Funds	\$ 12,810,714	\$ 13,843,558	\$ 14,016,656	\$ 173,098	1.3%

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.