

Comptroller testimony on SB 314.docx.pdf

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Position: FAV



Peter Franchot
Comptroller

TESTIMONY OF COMPTROLLER PETER FRANCHOT

Support - Senate Bill 314 - Board of Revenue Estimates and Bureau of Revenue
Estimates - Organization and Operations
Budget and Taxation Committee
January 27, 2021

Chairman Guzzone, Vice Chairman Rosapepe, members of the Committee, thank you for the opportunity to submit testimony in **support** of **Senate Bill 314 - Board of Revenue Estimates and Bureau of Revenue Estimates - Organization and Operations**. I want to thank Senator McCray, and the House cross-file sponsor, Delegate Lierman, for introducing this legislation.

As Chairman of the Board of Revenue Estimates whose agency houses the Bureau of Revenue Estimates, I have great appreciation for the hard work of the dedicated, nonpartisan expert staff that do the difficult and important work of revenue estimating. It must be emphasized that while the Board of Revenue Estimates is an independent entity of state government, its staff – the Bureau of Revenue Estimates – is employed by and exclusively funded by appropriations budgeted for the Comptroller of Maryland. Thus, the Comptroller of Maryland is supportive of the reforms outlined in Senate Bill 314, provided that the agency receives additional appropriations to successfully meet the requirements of the bill.

Thank you again for the opportunity to submit testimony in support of Senate Bill 314, and we urge a favorable report.

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SB 314_FAV_MML.pdf

Uploaded by: Jorch, Bill

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Maryland Municipal League

The Association of Maryland's Cities and Towns

TESTIMONY

January 27, 2021

Committee: Senate Budget and Taxation

Bill: SB 314 - Board of Revenue Estimates and Bureau of Revenue Estimates - Organization and Operations

Position: Support

Reason for Position:

The Maryland Municipal League supports SB 314 which increases staffing capabilities within the Bureau of Revenue Estimates (BRE) and establishes a new website to be used for dissemination of data and analysis.

Municipalities in Maryland rely on the BRE for forecasting throughout the year, but particularly when it is time for the creation and adoption of municipal budgets. The added staffing resources in this bill will allow the BRE to increase the scope of their research to further assist municipalities with their policy and budget making.

The bill also creates a new website that will serve as a platform for data and analysis from BRE allowing for better dissemination of information. In particular, more robust reporting on the viability of the Transportation Trust Fund and transactions concerning Program Open Space will prove beneficial as these are critical funding sources for municipal projects.

For these reasons we therefore respectfully request that the committee provide a favorable report on SB 314.

FOR MORE INFORMATION CONTACT:

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SB0314-BT_MACo_SUP.pdf

Uploaded by: Kinnally, Kevin

Position: FAV



MARYLAND
Association of
COUNTIES

Senate Bill 314

*Board of Revenue Estimates and Bureau of Revenue Estimates -
Organization and Operations*

MACo Position: **SUPPORT**

To: Budget and Taxation Committee

Date: January 27, 2021

From: Kevin Kinnally

The Maryland Association of Counties (MACo) **SUPPORTS** SB 314. The bill would boost the capacity of the Bureau of Revenue Estimates (BRE) to provide counties with comprehensive, timely, and accurate data on state and local revenues, fiscal analyses, and economic trends.

Counties rely on data from the BRE to craft budgets and make informed policy decisions. Among other requirements, this bill would encourage transparency by requiring BRE to develop and maintain a website that includes its revenue estimates, projections, and reports, which will streamline public access and equip local elected officials and finance professionals with high-quality, county-specific data to pass along to their constituents and local businesses.

By providing the BRE with additional staff and resources, the bill will allow for more frequent updates and commentary on state and local revenues, including new, hyperlocal economic data and trends that will assist counties in developing and implementing local fiscal policies designed to serve and react to community needs.

For these reasons, MACo urges the Committee to issue a **FAVORABLE** report for SB 314.

SB 314_MDCEP_FAV.pdf

Uploaded by: Schumitz, Kali

Position: FAV

JANUARY 27, 2021

Increasing Transparency of Revenue Estimates Would Improve Public Trust in Budgeting Process

Position Statement in Support of Senate Bill 314

Given before the Senate Budget and Taxation Committee

Maryland's budget is the clearest reflection of our values and priorities as a state. A transparent and open budget process is critical to ensuring state spending reflects public priorities. **The Maryland Center on Economic Policy supports Senate Bill 314, which builds on other recent budget process reforms by increasing transparency around state revenue forecasting.**

Maryland's Board of Revenue Estimates (BRE) plays a vital role in the state's budgeting process by issuing the revenue projections on which the state budget is based. Accurate revenue forecasts are essential for policymakers and the public to understand the state's fiscal position and to make or advocate for spending priorities or policy changes accordingly. Revenue forecasts are critical to preparing a balanced state budget and maintaining the state's Triple A bond rating, which allows Maryland to borrow money at lower interest rates.

Today, BRE meetings are sometimes scheduled with very little advanced notice, which makes it harder for interested parties to attend the meeting to get a better understanding of the revenue estimates. The experience of the COVID-19 pandemic's effect on state fiscal forecasts and the related improvements in transparency and public access that came with livestreaming BRE meetings both reinforce the importance of maintaining an open and accessible forecasting process.

Other provisions of SB 314 would help increase public understanding of the state's special funds that help support some of our most essential and visible public investments, in public schools and in transportation. It makes sense for the BRE's forecasts to address these large special funds, as well as the General Fund.

In addition to the transparency measures, SB 314 also makes important improvements to the staffing and compensation of Bureau of Revenue Estimates staff who do the vital analysis that supports the Board's official revenue forecasts. Having revenue forecasts that are as accurate as possible is essential for the state's budgeting process and for making prudent fiscal decisions that help preserve Maryland's Triple A bond rating. Being able to recruit and retain excellent staff is critical to producing accurate estimates.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Budget and Taxation Committee give a favorable report to Senate Bill 314.

Equity Impact Analysis: Senate Bill 314

Bill Summary

Senate Bill 314 would require that annual Board of Revenue Estimates meetings be scheduled at the start of each fiscal year and that they cannot be rescheduled five or fewer days before the originally scheduled date. It requires that meetings be livestreamed and archived for five years, and that the Board report on the fiscal health of large special funds in addition to the General Fund. It also supports adequate staffing and compensation for the Bureau of Revenue Estimates.

Background

Maryland's Board of Revenue Estimates (BRE) plays a vital role in the state's budgeting process by issuing the revenue projections on which the state budget is based. Accurate revenue forecasts are essential for policymakers and the public to understand the state's fiscal position and to make or advocate for spending priorities or policy changes accordingly. Revenue forecasts are critical to preparing a balanced state budget, and maintaining the states Triple A bond rating that allows Maryland to borrow money at lower interest rates.

The General Assembly previously set similar meeting transparency requirements for another entity critical to the budget process, the Board of Public Works.

Equity Implications

Maryland's investments in essential services like education, health care, and transportation support our state economy and are especially vital for Marylanders who face economic roadblocks because of low income or the ongoing legacy of racist policy.

Increasing public understanding of the state's fiscal resources will allow Marylanders to better understand the state's fiscal health and communicate with their elected representatives about fiscal policy choices. It would also help policymakers make more informed decisions about the state's fiscal policies.

Impact

Senate Bill 314 would likely **improve racial, gender, and economic equity in Maryland.**

SB 314 BRE-Hearing.pdf

Uploaded by: McCray, Cory

Position: FWA

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Budget and Taxation Committee

Capital Budget Subcommittee
Health and Human Services Subcommittee

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Vote Yes on Senate Bill 314

Bill Title: Board of Revenue Estimates and Bureau of Revenue Estimates - Organization and Operations

Hearing Date: January 27, 2021, Budget & Taxation

Chair: Guy Guzzone, Vice-Chair: James Rosapepe

I write to you today to urge a favorable report on Senate Bill 314

What this bill does

Recognizing the importance of having accurate estimates of our state revenue, especially during volatile times, this bill enhances the Bureau of Revenue Estimates and increases its accountability and transparency. makes several changes to the Bureau of Revenue Estimates, including changes to staffing and reporting requirements to make the Bureau more transparent and ensure that it is adequately staffed to better assist the Legislative and Executive branches as they craft the state budget each year, and to aid local governments in their revenue estimates.

The bill makes the following adjustments to the Bureau:

- It modifies the process for selecting a chief analyst, specifies the minimum number of analysts required, and ensures that the deputy chief is a member of the executive pay plan.
- Ensures that the BRE submits its March report to the General Assembly prior to the passage of the budget bill to ensure that the assembly has the most up-to-date numbers available
- Requires quadrennial reporting analyzing the accuracy of reports and estimates
- Requires quadrennial reporting on the transparency and usability of the data and reports and analysis of the staffing needs of the agency
- Ensures a predetermined schedule each year and public notice of the date and time of meetings
- Requires the BRE to develop and maintain its own website to provide information and upcoming Board meetings and live links to video streaming of each open meeting of the board
- Make available to the public reports and analysis on the Blueprint for Maryland's Future Fund, the Transportation Trust Fund, and the Education Trust Fund, as well as other information the BRE considers relevant

Why it matters

In increasingly turbulent times, the importance of the BRE's role cannot be overstated. It needs highly-qualified staff, transparent processes, and accountability to the public and state government. This legislation is about ensuring that this agency is competent, transparent, and accountable.

Adding a level of review at the state of selecting a Chief, as well as mandated reporting from the Bureau and the DLS offers accountability that simply does not exist today. Marylanders deserve the assurances that the public servants in Annapolis - whether elected or selected by other elected officials - are qualified and held accountable for their leadership.

Why you should support this bill

Not only does the bill provide for an expanded process to select an executive leader holding a great deal of power and influence, the bill also provides increased accountability and transparency for all Marylanders. Any Marylander with access to the internet will be able to follow the Board of Estimate meetings, watch archive videos, and much more without having to reach out to the agency to gather the information they are seeking. This immediate, and easy, access saves both the Bureau and citizen's time, money and effort. This bill also positions the Bureau and the Board to be more effective in assisting the Governor and Legislature - as well as local governments - in estimating the revenues on which our budgets are based.

For these reasons, I ask you for your support in moving for a favorable report of Senate Bill 314.

Respectfully,

A handwritten signature in blue ink, appearing to read "Cory V. McCray". The signature is fluid and cursive, with a large initial "C" and a long horizontal stroke.

Cory V. McCray
State Senator

SB0314-Amendment.pdf

Uploaded by: McCray, Cory

Position: FWA



SB0314/363029/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

20 JAN 21
14:01:47

BY: Senator McCray

(To be offered in the Budget and Taxation Committee)

AMENDMENTS TO SENATE BILL 314

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 6, strike “that”; in line 7, strike “Chief and”; in the same line, after “Chief” insert “to”; in the same line, strike “members” and substitute “a member”; in line 8, strike “salaries” and substitute “a salary”; in the same line, after “of” insert “a”; and in the same line, strike “scales” and substitute “scale”.

AMENDMENT NO. 2

On page 3, strike in their entirety lines 5 through 8, inclusive; and in line 9, before “(D)” insert “[(3)]”.

BRE Bill - SB314 - Support Testimony.pdf

Uploaded by: Schaufele, Andrew

Position: FWA



Peter Franchot
Comptroller

Andrew M. Schaufele
Director
Bureau of Revenue Estimates

January 22, 2021

SUPPORT - Senate Bill 314 - Board of Revenue Estimates and Bureau of Revenue Estimates – Organization and Operations

Chairman Guzzone, Vice Chairman Rosapepe and members of the Senate Budget and Taxation Committee, I am pleased to provide testimony in support of **Senate Bill 314 – Board of Revenue Estimates and Bureau of Revenue Estimates – Organization and Operations. This bill strengthens the State’s revenue estimating program by ensuring higher quality work, greatly improved transparency, and incentivizing stronger continuity of operations. This is an important piece of legislation and I commend Senator McCray for his leadership on this issue.**

I am the Executive Secretary for the Board of Revenue Estimates and Chief of the Bureau of Revenue Estimates. The Board of Revenue Estimates and the Bureau of Revenue Estimates are properly separated in statute but intertwined in personnel and operations, so here I will simply refer to the organizations in unison as BRE. The BRE and the related revenue estimating system is codified and highlighted as a strong asset by the Rating Agencies for our openness, accuracy, and the fact that the system ensures non-political economic and revenue projections.

BRE’s strongest asset is our people. To be a successful, a BRE analyst requires a high level of proficiency in **all** of these fields and skills: economics, statistics, IT programming (e.g., SQL, SAS, R, Python), tax law, and tax administration. In addition to these skills being some of the most highly valued in today’s labor market, no employee is ever hired with all of these skills intact. As such, on average, we spend one and a half years training our analysts before they can stand on their own – adding value above the time that mentors spend coaching and training.

We often lose analysts after two to three years as they move on to earn much higher incomes outside of BRE, often for less work and more money in other government positions. Currently, when we lose an analyst, we lose 25% of our workforce. That lost capacity results in that workload shifting to other analysts and management, adding risk to quality and increasing potential for future turnover.

Increasing the number of analysts to six and creating a Deputy position that offers a relatively competitive salary will: (1) allow for greater specialization by our analysts; and (2) lower turnover by enabling a base level of redundancy in key functions.

Moreover, and perhaps more importantly, the position enhancements will result in a meaningful career path that allows for a stronger pipeline of internal talent. This would position BRE to have stronger continuity of operations by building the pool of individuals that could step into the Deputy Director or Chief position. Key to the management level positions is not simply the possession of management skills on top of the aforementioned technical skills and the accrued organizational experience, it is key that BRE management can communicate effectively with all

stakeholders (e.g., taxpayers, policy makers, business leaders, media, etc...) – effective communication of technical information is a rare skill.

Additionally, this bill would greatly boost the State's transparency of revenue related information and its nexus with the State's budget. The creation of a website solely for BRE use will make the posting and finding of information far more accessible to stakeholders. The combination of additional positions and the website has us planning to offer more frequent revenue updates and commentary on how recent economic and revenue news fold into existing estimates. Furthermore, we would make more data available online through additional reporting by income levels and/or by county for the taxes that the Comptroller administers. This will greatly assist local budget leaders.

While I have highlighted certain notable components of the bill, I am in agreement with the provisions not mentioned above.

It is also worth noting that the Comptroller's Office has begun making many of the employee related changes set forth in this bill. While several of those changes are started, I strongly believe that codification is necessary to ensure BRE's progress and continued independence.

For these reasons, I stand in support of this legislation. I thank the Committee for its consideration and urge a **favorable report** on **Senate Bill 314**. There has been some discussion of amending the bill to remove the language regarding the Chief's position in the Executive Pay Plan, I would support that amendment as well.

Sincerely,



Andrew M. Schaufele, Chief
Bureau of Revenue Estimates

SB 314 BRE-Org & Ops (McCray) SUPPORT w_ AMEND B&T

Uploaded by: Wilkins, Barbara

Position: FWA



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

SENATE BILL 314 Board of Revenue Estimates and Bureau of Revenue Estimates – Organization and Operations (McCray)

POSITION: SUPPORT WITH AMENDMENTS

DATE: January 27, 2021

COMMITTEE: Senate Budget & Taxation

SUMMARY OF BILL: SB 314 requires the Chief of the Bureau of Revenue Estimates to be selected by the Comptroller from a list of three candidates recommended by the Consensus Revenue Monitoring and Forecasting Group; establishes the Chief's salary as an ES 10 and the Deputy as an ES 7, with a minimum of six analysts; codifies various reporting requirements and transparency initiatives regarding livestreaming of meetings; and provides web access to reports and projections of the General Fund and the following special funds (Blueprint for Maryland's Future Fund, Education Trust Fund, Transportation Trust Fund, and Program Open Space).

EXPLANATION: The Secretary of the Department of Budget and Management (DBM) is a member of the Board of Revenue Estimates and supports the professionalism of the Bureau staff and their exceptional work. To that end, the FY 2022 Budget provides funding to adjust the salaries of the staff of the Bureau of Revenue Estimates and DBM recently processed a salary adjustment for the Executive Director of the Bureau.

It is atypical to include salaries in the Annotated Code of Maryland because personnel matters are more aptly determined by DBM's Classification and Salary Division. The Division is responsible for determining the classification for all State employee positions under the jurisdiction of the Secretary. The Division analyzes individual positions and systematically maintains the classification plan and the State Salary Plan. It also recommends emergency salary actions and develops salary and benefits data and costs for pay recommendations. To codify specific salary grades does not take into consideration future changes to the salary structure or changes to the professional responsibilities of the positions, which could result in assigned levels being out of date or under market rates.

The Department supports the intent of the legislation to professionalize the Board and to improve the transparency of the Board's works, but we respectfully request the provisions regarding salaries and positions be deleted from the legislation.

**For additional information, contact Barbara Wilkins at
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