

T.00
Department of Business and Economic Development

Operating Budget Data

(\$ in Thousands)

	FY 00	FY 01	FY 02		% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$52,700	\$60,074	\$62,066	\$1,992	3.3%
Special Fund	7,361	9,986	11,489	1,503	15.0%
Federal Fund	406	712	511	(201)	(28.2%)
Reimbursable Fund	<u>931</u>	<u>582</u>	<u>382</u>	<u>(200)</u>	<u>(34.4%)</u>
Total Funds	\$61,398	\$71,354	\$74,448	\$3,094	4.3%

- The allowance provides a \$75,000 general fund fiscal 2001 deficiency appropriation for a vendor contract for military base closure support.
- The allowance provides a \$750,000 grant to the Baltimore Area Convention and Visitors Bureau.
- Operating grant to the Maryland Technology Development Corporation (TEDCO) increases by \$500,000 in the proposed fiscal 2002 budget.

Personnel Data

	FY 00	FY 01	FY 02	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	307.00	317.00	323.00	6.00
Contractual FTEs	<u>33.05</u>	<u>37.80</u>	<u>45.30</u>	<u>7.50</u>
Total Personnel	340.05	354.80	368.30	13.50

Vacancy Data: Regular

Budgeted Turnover: FY 02	11.79	3.65%
Positions Vacant as of 12/31/00	15.80	4.98%

- The allowance provides six new regular positions, all of which are contractual conversions.

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

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Analysis in Brief

Issues

Legislative Proposal Would Establish a Department of Tourism -- State Funding for Tourism Development and Marketing Should Be Evaluated: Legislation proposing the establishment of a departmental level office of tourism would alter the mission of the Department of Business and Economic Development (DBED). In addition, enhanced funding for tourism development is proposed. **It is recommended that DBED comment on the impact of the proposed legislation establishing a Department of Tourism. It is further recommended that committee narrative be adopted requesting that DBED evaluate alternative funding sources for tourism development.**

The Fiscal 2002 Proposed Budget Increases the Operating Grant to TEDCO: The fiscal 2002 allowance provides an additional \$500,000 of operating grant funds for TEDCO. **The Department of Legislative Services recommends reducing the fiscal 2002 appropriation to the fiscal 2001 level of funding.**

Additional Funds by Amendment: DBED proposed and received approval to appropriate significant revenues derived from Enterprise Fund investments. The budget committees expressed the desire to have the department brief the committees on the status of the implementation of the new initiatives funded with the additional revenues. **It is recommended that DBED provide the budget committees with an update on the use of the additional funds. Budget language restricting the use of the budget amendment process to increase appropriations from the Enterprise Investment Fund is also recommended.**

Recommended Actions

	<u>Funds</u>
1. Delete deficiency funds for military base closure support vendor contract.	\$ 75,000
2. Adopt committee narrative requesting a report on the tourism funding alternatives.	
3. Reduce operating grant to the Maryland Technology Development Corporation.	500,000
4. Eliminate funds to provide a grant to the Baltimore Area Convention and Visitors Bureau.	750,000
5. Reduce funds for contractual employee compensation.	180,000

T.00 - Department of Business and Economic Development

- 6. Adopt committee narrative requesting an annual report on the distribution of grants.

Total Reductions to Fiscal 2001 Deficiency Appropriation	\$ 75,000
Total Reductions to Allowance	\$ 1,430,000

Updates

Summary of Major Grants: A list of major marketing, arts, and regional development grants is presented.

Various Economic Development Reports: This update summarizes two reports requested by the budget committees. The first report, *Effects of the Consolidation Effort*, provides a discussion of the effects of the consolidation of DBED's financing programs. The report entitled *Anticipated Economic Impact Activity* provides a financial view of fiscal 2000 activity for the Sunny Day Fund and the Maryland Economic Development Authority Assistance Fund programs.

T.00 - Department of Business and Economic Development

T.00
Department of Business and Economic Development

Operating Budget Analysis

Program Description

The mission of the Department of Business and Economic Development (DBED) is to stimulate and strengthen the Maryland economy. The department develops policies and implements programs that will generate new jobs with family-supporting wages and investment by attracting businesses to the State, by facilitating the expansion and retention of existing companies, and by promoting Maryland's strategic assets.

This effort is accomplished under the leadership of the Office of the Secretary by four programmatic divisions: Business Development; Financing Programs; Tourism, Film, and the Arts; and Regional Development. The Division of Administration and Information Technology provides support services for the agency including procurement, human resources, budget, and finance. The Economic Development Commission develops and maintains policies that foster a positive business climate.

Proposed Deficiency

The allowance provides a general fund deficiency appropriation for fiscal 2001 in the amount of \$75,000 for additional grant funds to non-governmental agencies that assist local business alliances to develop redevelopment plans for the reuse of military bases. This deficiency appropriation would be used to support additional costs of the vendor contract with the Southern Maryland Navy Alliance.

This deficiency appropriation would increase the fiscal 2001 appropriation from \$205,000 to \$280,000 for this type of vendor contracts. The fiscal 2001 working appropriation was already almost double the amount of funds provided for these contracts in fiscal 2000, and the deficiency appropriation would almost triple the expenditure. **Accordingly, DLS recommends eliminating the \$75,000 deficiency appropriation.**

Governor's Proposed Budget

Exhibit 1 provides the fiscal 2001 working and fiscal 2002 Governor's allowance by fund source and summarizes the major factors influencing changes in DBED's fiscal 2002 operating budget allowance. The fiscal 2002 allowance for DBED, exclusive of PAYGO funds, is \$74.4 million, an increase of \$3.1 million, or 4.3%, over the fiscal 2001 working appropriation. Increased personnel costs for regular positions across a variety of programs account for \$1.9 million, or 62%, of the total increase. As shown in **Appendix 4**, the department receives six new positions at a cost of \$267,231; all of these new positions represent contractual conversions. The annualization of the fiscal 2001 general salary increase, proposed fiscal 2002 general salary increase, and employee increments adds \$1.5 million to the budget, accounting

T.00 - Department of Business and Economic Development

Exhibit 1

**Governor's Proposed Budget
Department of Business and Economic Development
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimbursable Fund</u>	<u>Total</u>
2001 Working Appropriation	\$60,074	\$9,986	\$712	\$582	\$71,354
2002 Governor's Allowance	62,066	11,489	511	382	74,448
Amount Change	\$1,992	\$1,503	(\$201)	(\$200)	\$3,094
Percent Change	3.3%	15.0%	(28.2%)	(34.4%)	4.3%

Where It Goes:

Personnel Expenses

New positions	\$267
Fiscal 2002 general salary increase	361
Increments, fiscal 2001 increase phase-in, and other	1,113
Employee and retiree health insurance rate change	170
Retirement contribution rate change	(153)
Workers' compensation premium assessment	45
Turnover adjustments	41
Other fringe benefit adjustments	72

Business and Regional Development

Elimination of reimbursable funds from MDOT for M/QUEST	(200)
Reduced grant funds to small- and mid-sized companies to assist their participation in foreign trade shows	(25)
One-time information technology management study	(50)
Reductions to Partnership for Workforce Development grants (\$224,000), and Maryland Industrial Training Program (\$322,500)	(547)
Increased funds to support regional activities and business assistance services	110

Financing Programs -- Operating

Operating grant to TEDCO	500
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T.00 - Department of Business and Economic Development

Where It Goes:

Advisory Services/Enterprise Fund	200
Tourism, Film, and the Arts	
Grant to Baltimore Area Convention and Visitors Bureau grant for marketing	750
Increased Arts Council funding consisting of a \$310,000 increase in available grant funds, and a \$145,000 increase in operations and overhead	455
Reduced advertising, and promotional and marketing services	(260)
Administration and Overhead	
Increased contractual employee compensation: new contractual positions and underfunding of fiscal 2001 base	525
Ongoing support and development of the department's e-Government initiatives such as the E-Maryland business services sub-portal: reduction of \$250,000 used for the deployment of web-enabled performance tracking software, offset by increase of \$150,000 in fiscal 2002 for vendor costs associated with system improvements and maintenance support	(100)
Other	(180)
Total	\$3,094

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

for most of the department's increase in personnel costs and almost half of the entire budget increase. Additional contractual employee compensation adds \$524,752 to the department's budget. The addition of 7.5 contractual full-time equivalent (FTE) positions and adjustments to correct the underfunding of the department's fiscal 2001 contractual employee compensation costs account for this increase.

The proposed fiscal 2002 budget in most respects is a base budget. Controlling for increased regular and contractual employee costs of \$2.4 million, the budget provides only another \$652,554 for operations. However, the significant enhancements provided in the department's fiscal 2001 budget such as operating support for the Technology Development Corporation (TEDCO), statutory Maryland Tourism Board funding, other tourism-based enhancements for marketing and promotion, increased Maryland State Arts Council grants, and increased marketing and promotional efforts for technology-based business are now part of DBED's base and included in the fiscal 2002 proposed budget. Consequently, the fiscal 2002 budget provides an increase of approximately \$13 million over the department's fiscal 2000 actual budget. This represents an average annual growth from fiscal 2000 to 2002 of 10.12%. The fiscal 2002 proposed budget does provide some changes to the department's budget which are discussed in the section that follows.

T.00 - Department of Business and Economic Development

Division of Business Development

The Division of Business Development provides site selection, market and economic data, and other assistance to help attract and retain business in Maryland. The allowance adds one regular administrative aid position -- a contractual conversion -- and 3.5 contractual FTE positions. Nonpersonnel changes include the elimination of \$200,000 in reimbursable funds from the Maryland Department of Transportation (MDOT) used to support the department's assumption of operations of the M/QUEST project. The division's budget also eliminates one-time management study costs of \$50,000 used to develop a strategic information technology analysis of the current information technology capabilities and anticipated needs of the division. The budget also reduces by \$25,000 the amount of grants to non-governmental agencies used to assist small to mid-sized firms participation in foreign trade shows.

Division of Financing Programs

The operating expenses for this division, which manages a variety of PAYGO-funded financing funds, increases by \$ 1 million, or 14.1% , over the fiscal 2001 working appropriation. Significant nonpersonnel changes include a \$500,000 increase in the operating grant to TEDCO. This increases the grant from \$2.0 million to \$2.5 million. The source of these funds is the Enterprise Investment Fund (EIF). More on the operating grant to TEDCO is discussed in the Issues section of this analysis. The allowance also includes an additional \$200,000 for investment advisory services for management of the EIF. Significant growth in current and potential investments from the fund warranted additional resources. While not included in the department's working appropriation and thus appearing as an increase to the budget, funding for these services was approved by the budget committees in their approval of budget amendment 001-01.

Division of Tourism, Film, and the Arts

The fiscal 2001 allowance for the Division of Tourism, Film, and the Arts is \$30.5 million, an increase of \$1.3 million, or 4.5%, over the fiscal 2001 working appropriation. The division receives two additional permanent positions, both of which are contractual conversions. Total contractual employee expenses increase by \$352,500 representing the addition of 7.0 contractual FTE positions, and full- funding of existing contractual positions. Additional contractual FTE positions include several part-time travel information aid positions, and a full-time contractual position to assist with marketing at the Los Angeles film office. Significant nonpersonnel changes include a \$750,000 grant to the Baltimore Area Convention and Visitors Bureau (BACVA) for marketing and promotional services.

In accordance with Chapter 471, Acts of 1997, the allowance for the Maryland Tourism Development Board (MTDB) includes \$6.0 million in general funds. This is the statutory level of funding provided under that Act, and funding will remain at \$6 million in subsequent years. Legislation before the 2001 General Assembly, SB 617, proposes to increase the statutory appropriation to MTDB by \$2.5 million in each fiscal year between 2003 and 2007. Thus, under this proposed legislation the level of funding provided to MTDB would be \$17.5 million by fiscal 2007. This legislation has been assigned to the Senate Budget and Taxation Committee. The allowance provides for the continuation of fiscal 2001 tourism-

T.00 - Department of Business and Economic Development

based enhancements to multi-cultural, sports, and out-door nature tourism marketing and promotion development.

The proposed budget for the Maryland State Arts Council (MSAC) increases by \$455,000, to \$14.1 million. This includes a \$310,000 increase in the grants to arts organizations, community arts development, artists in education, and individual artists. With this budget, and the additional \$2.1 million provided in fiscal 2001, DBED expects to provide operating grants equal to 9% of an arts organization's eligible operating budget. Under Section 7-325 of the State Finance and Procurement Article, the Governor is required to submit a budget for the arts council where the general funds increase by at least the same percentage as the increase in general fund revenues to the State. Official revenue estimates show general funds increasing 2.92% from fiscal 2001 to 2002. The Governor's general fund allowance to the MSAC of \$13,512,605 provides the statutorily required minimum 2.92% increase.

Division of Regional Development

This division consists of four major programs designed to promote the growth and competitiveness of new and existing Maryland businesses: Office of In-State Business Services; Office of Military Affairs and Federal Facilities; Office of Regulatory Affairs and Analysis; and Office of Workforce Policy Coordination. The division operates five regional offices throughout the State and administers a variety of grant programs. One management associate position has been converted from contractual to regular status.

The division's fiscal 2002 allowance is \$17 million, a decrease of \$123,491, or 0.7%, below the fiscal 2001 working appropriation. Nonpersonnel related adjustments to the budget include a \$224,000 reduction for grants under the Partnership for Workforce Development, and a \$332,500 reduction in the Maryland Industrial Training Program. The budget provides an additional \$110,000 for grants to local jurisdictions to support regional activities and business assistance services.

Performance Analysis: Managing for Results

DBED has identified three key goals in support of its stated mission to stimulate and strengthen the Maryland Economy:

- continue to create and foster a more favorable business climate;
- assure that all regions share in the economic vitality of the State; and
- develop an economic/industrial base that maximizes the potential of each economic cycle.

The primary performance measures identified center around the number of jobs created and retained by businesses that have had interaction with DBED programs, the amount of capital investments made by the State in Maryland-based businesses and newly located businesses to the State, and the amount of private investment that these businesses have made in the State.

T.00 - Department of Business and Economic Development

After having evaluated DBED's fiscal 2002 Managing for Results (MFR) submission, DLS makes the following observations:

- ***MFR Strategies Need to Be Further Refined:*** An important element to good MFR is the establishment of goals and objectives that can be influenced by the activities of an agency. Because much of what DBED is tasked with accomplishing -- the stimulation and development of the State economy -- is hard to define and evaluate on an objective level, it is important for DBED to establish strategies which elaborate on how the department intends to achieve economic prosperity for the State. The strategies must provide a link to the intended outcomes in a manner that qualitatively and quantitatively establishes a connection to DBED programs and initiatives. **DBED should continue to identify and implement strategies which clearly establish how the department's programs and initiatives will positively impact the State's economy.**
- ***MFR Lacks Connection to Specific Funding Initiatives and Grant Programs:*** DBED is involved with many activities in support of its mission to stimulate and strengthen the State economy. While the department has identified numerous goals, objectives, and performance measures to help guide and evaluate its means to this end, the MFR does not incorporate enough detail on the department's specific use of State funds. Unless the MFR links specific goals and objectives to particular programs and initiatives it is difficult to link the department's activities to its funding requirements. **DBED should evaluate each of its specific programs and articulate what are the primary uses of State funds and attach measurable goals and objectives to those articulated initiatives and activities.**

Exhibit 2 lists a variety of performance measures provided by the department. The fiscal 2000 actual figures for the number of jobs created with DBED assistance is well below what was posted for fiscal 1998 but equivalent to fiscal 1999 numbers. However, DBED estimates a significant increase in the number of jobs created for fiscal 2001. **DBED should brief the budget committees on why it estimates such a significant increase in the number of new jobs created with DBED assistance.** Based upon the significant increase in the number of jobs retained by DBED assistance, it appears that the department's efforts in fiscal 2000 were targeted at job retention programs and projects. The figures for State investments and private sector investments both declined in fiscal 1999 and 2000 from what was achieved in fiscal 1998. The department, however, estimates that both of these performance measures will increase in both fiscal 2001 and 2002. Of greater significance is the similarity between the fiscal 2000 estimates and actual figures. It appears the department has simply used its estimated figures as represented fiscal 2000 actual measures. **DBED should comment on what caused the apparent decline in State and private sector investments in fiscal 1999 and 2000, and what factors are influencing its determination that investments will increase in fiscal 2001 and 2002. It is also recommended that DBED indicate whether the fiscal 2000 actual performance measures are legitimate figures or if the department has not yet calculated these measures.**

The figures for direct traveler expenditures increase in each of fiscal 1998 through 2000 and are anticipated to increase through fiscal 2002. While this is encouraging from the standpoint of the State's economy, it is difficult to link these figures to specific activities of the department. The statistics for the number of film and television days and revenue generated from film and television production declined in fiscal 1999 from what was realized in fiscal 1998 but rebounded in fiscal 2000. The department

T.00 - Department of Business and Economic Development

Exhibit 2

**Program Measurement Data
Department of Business and Economic Development
Fiscal 1998 through 2002**

	<u>Actual 1998</u>	<u>Actual 1999</u>	<u>Est. 2000</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Est. 2002</u>	<u>Ann. Chg. 98-00</u>	<u>Ann. Chg. 00-02</u>
Jobs created with DBED assistance	21,078	15,355	15,662	15,253	25,370	20,312	-14.9%	15.4%
Jobs retained with DBED assistance	26,357	19,207	19,590	28,582	24,179	26,381	4.1%	-3.9%
State investment (\$ in millions)	148	108	110	110	121	128	-13.8%	7.9%
Private sector investment (\$ in millions)	1,579	1,150	1,173	1,173	1,326	1,402	-13.8%	9.3%
Direct traveler expenditures (\$ billions)	7.0	7.6	8.0	8.1	8.5	8.9	7.6%	4.8%
Welcome center visitors	1,900	2,000	2,000	2,100	2,200	2,300	5.1%	4.7%
Consumer advertising responses	153,465	124,446	140,606	135,293	142,857	178,571	-6.1%	14.9%
Tourism web site hits (in millions)	*	2,345	*	3,062	3,980	5,174	n/a	30.0%
Feature film and television film days	400	339	322	354	422	491	-5.9%	17.8%
Tax revenue from film and TV production (\$ in millions)	2.42	2.23	2.07	2.44	2.69	2.94	0.4%	9.8%
Grants to arts organizations	400	399	425	420	440	462	2.5%	4.9%
Matching grant funds (\$ in millions)	50,000	96,672	62,000	101,506	106,580	111,909	42.5%	5.0%

*Denotes new performance measure for which data was not available.

Source: Maryland State Budget

estimates that the economic activity from film and television production will increase substantially through fiscal 2002. **DBED should comment on what activities it is undertaking to positively influence these performance measures.**

Issues

1. Legislative Proposal Would Establish a Department of Tourism -- State Funding for Tourism Development and Marketing Should Be Evaluated

Legislative Proposal to Create a Department of Tourism

HB 9 of 2001 proposes the creation of the Maryland Department of Tourism as a separate department of State government. Currently tourism activities, spending, and responsibilities are assigned to various State departments including DBED and the Department of Housing and Community Development (DHCD)

Within DBED, tourism functions are centered in one division, the Division of Tourism, Film, and the Arts. Specific programs within the division focus on a variety of tourism-related activities.

- **Office of the Assistant Secretary:** Provides administrative support for the activities of the division.
- **Office of Tourism Development:** This office is responsible for the development and packaging of promotional material.
- **Maryland Tourism Development Board:** The board, currently comprised of 17 members, helps guide State tourism policy with the goal of stimulating and promoting travel and tourism in the State.
- **Maryland Film Office:** The film office works to attract feature film, television, and commercial video production companies to the State.
- **Maryland State Arts Council:** Supports the performing, visual, and creative arts by providing grants to arts organizations, local arts councils, and individual artists. The council also works to promote statewide awareness of arts resources and opportunities.

The fiscal 2002 allowance for the Division of Tourism provides funds for 76 regular and 26.2 contractual FTE positions, and total funding of \$30.37 million. **Exhibit 3** provides a breakdown of the proposed fiscal 2002 budget for the respective programs. HB 9 proposes moving the entire division, including the film office and the Maryland State Arts Council, to the new tourism department.

Exhibit 3

Division of Tourism Fiscal 2002 Proposed Budget

<u>Program</u>	<u>Positions</u>	<u>Funding (\$ in Millions)</u>
Office of the Assistant Secretary	9 regular	\$1.6
Office of Tourism Development	45 regular; 24.2 contractual	7.1
Maryland Tourism Development Board		6.4
Maryland Film Office	7 regular; 1.0 contractual	1.3
Maryland State Arts Council	15 regular; 1.0 contractual	14.1
Total	76 regular; 26.2 contractual	\$30.5

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

Source: Maryland State Budget

Proposal to Increase Statutory Funding for Maryland Tourism Development Board

In accordance with Chapter 471, Acts of 1997, the allowance for the MTDB includes \$6.0 million in general funds. This is the statutory level of funding provided under that Act and funding under the current statutory provision will remain at \$6 million in subsequent years. These funds are deposited into a special nonlapsing revolving fund used by the board to support programs that promote, advertise, and market the tourism industry. HB 9 as well as SB 617, propose to increase the statutory annual appropriation to MTDB as indicated in **Exhibit 4**.

Exhibit 4

**Proposed Funding for MTDB
Fiscal 2002 through 2007**

<u>Fiscal Year</u>	<u>Proposed Annual General Fund Appropriation</u>
2002	\$6.0 million
2003	8.5 million
2004	11.0 million
2005	13.5 million
2006	15.0 million
2007	17.5 million

Note: Funding beyond fiscal 2007 would remain at \$17.5 million annually.

Source: Maryland Tourism Development Board

This legislation would essentially increase the annual general fund appropriation to the MTDB by \$2.5 million over the previous year's appropriation in each of fiscal 2003 through 2007.

DBED should brief the budget committees on the merits of the proposed legislation to establish a Department of Tourism. Specifically, what activities the new department might undertake that is not already being accomplished by DBED's division of tourism, and whether a separate department will likely increase the visibility of State tourism programs. DBED should also brief the budget committees on the justification for increasing the statutory funding limits for the MTDB

State Funding of Tourism Should Be Evaluated

Tourism is increasingly viewed as one of the most important industries in any state's economy. Many states have recognized the potential of tourism as an economic development tool and have increased the level of state tourism funding. As is shown in Exhibit 3, the proposed fiscal 2002 budget for the Division of Tourism is approximately \$30.5 million. If all of this money was directed specifically to tourism development programs it would place the State as one of the largest contributors to tourism-related funding. However, a significant portion of the proposed \$30.5 million fiscal 2002 appropriation (approximately \$14.1 million) to the Division of Tourism is comprised of funding for the MSAC. This leaves only about \$16.4 million of the total budget directed at tourism-related promotion and marketing, and a portion of this is absorbed by administrative expenses. According to the Travel Industry Association, many states are devoting significantly greater funds to tourism marketing and promotional programs than is Maryland. Based on fiscal 1999 budget figures, the State marketing budget was \$11.5 million. This contrasts with the \$19.2 million budgeted in Virginia and \$34.4 million budgeted in Pennsylvania. The State did enhance the funding for tourism-related marketing in the fiscal 2001 budget.

T.00 - Department of Business and Economic Development

Approximately \$1.0 million of additional funding was provided for general marketing through the budget for the MTDB. Another \$1.1 million was made available for enhanced film production development efforts and specialized tourism development efforts for multi-cultural tourism, outdoor and nature tourism, and sports tourism.

Most state tourism offices are funded with general fund appropriations. Virtually the entire Maryland tourism budget for fiscal 2002 is comprised of general funds. However, other states are beginning to explore alternative funding sources as they search for additional funding. Examples include: lodging and hotel taxes; rental car, restaurant, and admission taxes; general sales tax; and lottery and gaming revenues. Furthermore, several states have adopted performance-based funding processes that set aside a percentage of tourism-generated revenue for additional tourism development and marketing.

If the State is going to make the funding of tourism development, marketing, and promotion one of the central focal points of its economic development strategy, it should begin the process of exploring alternative funding sources. **Accordingly, DLS recommends committee narrative directing DBED to perform a study of the potential alternative funding sources that could be used to supplement the general fund support for tourism-related development and marketing currently provided by the State.**

Alternative Tourism Funding Report: The budget committees are interested in improving the State's tourism market as an economic development tool. The committees would like the Division of Tourism to identify and study alternative means of enhancing funding for tourism-related development and marketing programs. To this end, the budget committees request that the Department of Business and Economic Development prepare and submit a report by December 1, 2001, that evaluates the potential benefits and financial impacts of alternative funding sources for the department's tourism activities. The report should also study the benefits of implementing a performance-based funding process for State tourism-related programs.

Coordinated Examination of Maryland's Tourism Industry Workforce

The 2000 *Joint Chairman's Report* directed DBED, in consultation with public, industry, and governmental representatives, to report to the budget committees by December 1, 2000, on efforts to examine workforce training, education, job preparation, and employee retention programs related to the hospitality and tourism industry. The report, having been timely filed, identified a six-part approach to improving the development and retention of employees working in the State's tourism industry.

- **Job Preparation:** Establish industry-wide core competencies, skill standards, and certifications that are matched with education and training courses to aid recruitment and training efforts.
- **Career Development:** Complete the tourism industry career pathways project to facilitate the identification and illustration of career opportunities. The alignment of skill standards and career pathways with data on wage earning rates, core industry business segments, available course work and programs, and curriculum delivery methods will contribute to career training decisions and workforce retention.

T.00 - Department of Business and Economic Development

- ***Accessible Training:*** Provide accessible training and education to meet the unique needs of the industry, such as training in English as a second language, non-traditional hours, and small business accounting and finances.
- ***Data Support:*** Improve industry specific data collection and disbursement that will facilitate better decision making on training and funding issues. Important data includes: visitor expenditures, indirect revenues generated, contributions to State and local revenues, number of vacant jobs and the number of new hires, the number of new positions created through growth over specific time frames and specific industry sectors, comparative earnings levels to job or experience levels, and career longevity and progression.
- ***Public Outreach:*** Increase the public's understanding and appreciation of the tourism industry in a manner that will contribute to employee recruitment and retention. Develop strong public relations efforts to inform students, teachers, parents, and guidance counselors of the benefits of employment in the tourism industry -- institute tourism career and development awareness education programs.
- ***Infrastructure Facilitation:*** Improve infrastructure elements such as transportation and housing to facilitate the connections between employers and employees.

The core recommendations presented by the task force stress:

- the development of educational programs that define and provide career development for the tourism industry and provide availability and access to education and training, transportation, and housing;
- the collection and disbursement of substantial data on economic and educational factors; and
- the development of strong public awareness campaigns on the benefits and contributions of the tourism industry.

The task force stressed that none of the recommendations are possible without program and administrative funding. The task force report did not identify or inventory the specific State or local programs that may already provide tourism industry information, data, education and training opportunities, and public outreach and awareness programs. The report, while stressing the need for additional State and local funding, did not provide an accounting of State, local, and private expenditures for programs geared at improving tourism employment.

It is recommended that the department discuss how DBED can facilitate the implementation of the various task force findings. It is also recommended that the Secretary provide the budget committees with an inventory of the projects and programs already in place that advance the task force recommendations and provide an accounting of the State, local, and private monies available to the tourism industry targeted to improved tourism employment opportunities.

2. The Fiscal 2002 Proposed Budget Increases the Operating Grant to TEDCO

The fiscal 2002 allowance provides a \$2.5 million grant from the Enterprise Fund to assist TEDCO with its operations during fiscal 2002, including operating overhead, specific technology transfer studies and initiatives, and support of small business incubators. **Exhibit 5** provides a breakdown of how TEDCO intends to utilize its current and proposed operating budget. The information indicates that TEDCO plans to use its fiscal 2002 grant to advance the same three distinct program initiatives, as well as administrative and operating overhead, as earmarked with its fiscal 2001 grant funds. The difference is that TEDCO plans to spend \$500,000 more in fiscal 2002 than it will in fiscal 2001.

Exhibit 5

TEDCO Operating Budget Fiscal 2001 and 2002

<u>Program/Purpose</u>	<u>Fiscal 2001</u>	<u>Fiscal 2002</u>	<u>Difference</u>
Technology Benchmarking/Strategy Development	\$300,000	\$425,000	\$125,000
Technology Transfer through Federal and University Labs, and State Partnerships	425,000	600,000	175,000
Technology Commercialization through Small Business Incubation	500,000	500,000	0
Program Services	533,000	680,000	147,000
Executive Management	242,000	295,000	53,000
Total	\$2,000,000	\$2,500,000	\$500,000

Source: Technology Development Corporation

DBED has expressed its intention to provide operating support for TEDCO in the total amount of \$7.5 million over a three-year period beginning with fiscal 2001. Based upon the fiscal 2001 appropriation of \$2.0 million and the \$2.5 million proposed for fiscal 2002, this would equate to a \$3.0 million grant to TEDCO in fiscal 2003.

Because no new funding initiatives or priorities are linked to the additional \$500,000 in grant funds, DLS recommends reducing the grant to the fiscal 2001 level of \$2.0 million. This will enable TEDCO to continue funding the programs, studies, and market surveys the corporation has identified as important to the development of technology-based industries and commercialization.

In addition, DBED should further elaborate on how the department arrived at the total grant figure to TEDCO of \$7.5 million over a three-year period. Finally, the Director of TEDCO and a representative from the Department of Budget and Management (DBM) should advise the budget committees on how TEDCO operations will be funded beyond fiscal 2003.

3. Additional Funds by Amendment

Early in fiscal 2001, DBED proposed a budget amendment to appropriate approximately \$9.8 million in revenues from its Enterprise Fund derived from the sale of stock holdings. In a July 5, 2000, letter to the budget committees, DLS raised several issues concerning DBED's intended use of the funds, including: (1) the use of \$1.25 million for the E-Government Initiative established by Chapter 5, Acts of 2000; (2) \$5.0 million for E-Maryland Initiatives established by Chapter 6, Acts of 2000, and; (3) the use of \$2.5 million for a comprehensive marketing research initiative focusing on identifying segments within the E-commerce industry with the greatest potential for economic growth and tax revenue generation.

At a joint hearing on August 21, 2000, the committees expressed an interest in receiving additional information during the 2001 session on implementation of the new program initiatives. **Accordingly, it is recommended that DBED be prepared to discuss its use of the additional funds appropriated through budget amendment 001-01.**

Use of Budget Amendments Should Be Reviewed

Within the last few years DBED has processed budget amendments to utilize significant investment earnings derived from the department's investment activities in its Enterprise Fund. Examples include:

- **Fiscal 2000 budget amendment number 070-00** -- added \$6.0 million for limited partnership investments in Maryland-based venture capital funds.
- **Fiscal 2001 budget amendment number 001-01** -- added \$9.8 million for marketing of technology-based industries and initiation of the E-Maryland and E-Marketing initiatives established by Chapter 5, Acts of 2000.
- **Fiscal 2001 budget amendment number 002-01** -- added \$2.75 million to the fiscal 2001 PAYGO appropriations for traditional Enterprise and Challenge investments.

DLS makes the following observations concerning the use of large investment earnings derived from DBED's investment activities.

While the department's intended utilization of part of what might properly be considered as one-time revenues centered around reinvesting the funds back into Enterprise and Challenge program investments, the \$9.8 million added through budget amendment 001-01 was earmarked for operating budget initiatives and not investments.

A significant portion of the funds earmarked for Enterprise and Challenge investments were directed at specific program initiatives rather than "traditional" investments. The appropriation of additional funds to support new programs or initiatives should be communicated during the legislature's annual review of DBED's budget. Otherwise, the merits of new proposals and the department's budgetary needs are not subjected to the full scrutiny of the annual budget process.

T.00 - Department of Business and Economic Development

To ensure that use of these “windfall” investment returns receive adequate legislative review and to ensure that the fund balance projected for the end of fiscal 2002 remains available to support this program in the future, the following language is recommended within the DBED PAYGO analysis:

, provided that unappropriated funds in the Enterprise Investment Fund may not be transferred, by budget amendment or otherwise, to any other purpose. Further provided that unappropriated funds in the Enterprise Investment Fund may not be appropriated by budget amendment.

Explanation: The language will ensure that unappropriated funds in the Enterprise Investment Fund will be available to support the Enterprise and Challenge Grant Programs in the future.

DBED has used the budget amendment process to utilize significant investment revenues from the Enterprise Fund. **DBED should brief the budget committees concerning the department’s position on the use of one-time revenues and the possibility of directing a portion of the funds to the State general fund.**

Recommended Actions

- | | <u>Amount
Reduction</u> |
|--|------------------------------------|
| 1. Delete a fiscal 2001 general fund deficiency appropriation for the additional costs of a military base closure support vendor contract. The amount of available fiscal 2001 funds is already double the amount expended for these contracts in fiscal 2000. | \$ 75,000 GF |

2. Adopt the following narrative:

Alternative Tourism Funding Report: The budget committees are interested in improving the State's tourism market as an economic development tool. The committees would like the Division of Tourism to identify and study alternative means of enhancing funding for tourism-related development and marketing programs. The budget committees request that DBED prepare and submit a report by December 1, 2001, that evaluates the potential benefits and financial impacts of alternative funding sources for the department's tourism activities. The report should also study the benefits of implementing a performance-based funding process for State tourism-related programs.

Information Request	Authors	Due Date
Alternative Tourism Funding Report	DBED	December 1, 2001

- | | <u>Amount
Reduction</u> |
|--|------------------------------------|
| 3. Reduce operating grant to the Maryland Technology Development Corporation (TEDCO) to \$2.0 million for fiscal 2002. With a \$2.0 million appropriation, TEDCO can continue to serve the State's interest in increasing investments in Maryland technology-based businesses. | 500,000 SF |
| 4. Delete marketing grant funds to the Baltimore Area Convention and Visitors Association. The dedicated portion of Baltimore City's hotel tax, when combined with own-source revenues, should provide sufficient funds for marketing purposes. | 750,000 GF |

T.00 - Department of Business and Economic Development

5. Reduce funds for contractual employee compensation. 180,000 GF
 The department’s fiscal 2002 allowance provides six new regular positions, all of which are contractual conversions. However, the budgeted number of contractual positions increases by 7.5 which when combined with the six conversions produces 13.5 additional contractual positions in the budget. The increased number of contractual positions is not justified and should be reduced to control the growth of government spending. This reduction still provides a \$344,752 increase in contractual employee compensation over what was provided in fiscal 2001.
6. Adopt the following narrative:

Grant Distribution Annual Report: The Department of Business and Economic Development (DBED) distributes a significant amount of grant funds from its annual operating budget appropriation to various State and local governments, and numerous private entities. The proposed fiscal 2002 budget would distribute approximately \$31.2 million in grants. The budget committees request that DBED provide an annual report which itemizes the distribution of grants made from each of the department’s operating budget programs. For the fiscal 2001 actual budget, the report should list each grant recipient, the amount of each individual grant awarded, and a description of how the funds were utilized by the recipient. To the extent possible, the annual report should provide similar information for the current working appropriation. The report shall be made available to the budget committees by September 1, 2001, and annually thereafter.

Information Request	Authors	Due Date
Grant Distribution Annual Report	DBED	September 1, 2001, and annually thereafter
Total Reductions to Fiscal 2001 Deficiency		\$ 75,000
Total Reductions to Allowance		\$ 1,430,000
Total General Fund Reductions to Allowance		\$ 930,000
Total Special Fund Reductions to Allowance		\$ 500,000

Updates

1. Summary of Major Grants

Exhibit 6 lists a number of the department's largest grants to nonprofit organizations and for workforce training efforts. The grants within the Division of Business Development are to organizations which provide collaborative and inter-jurisdictional marketing and training efforts.

Operating grants in excess of \$50,000 to arts organizations are enumerated; smaller grants are included in the "all other" category. The distribution of Arts Council grants to arts organizations has not been determined for fiscal 2002. Organizations submit applications, and funding decisions are based on the number of eligible organizations, their individual operating budgets, and the amount of State grant funds available. The Arts Council has a funding cap of 10% of an arts organization's allowable expenditures, but actual funding has historically been below that ceiling. With the enhancements proposed in the fiscal 2002 budget, the council expects to fund approximately 9% of each organization's eligible operating budget.

Within Regional Development, grants are provided for a number of local planning organizations to promote economic development within various regions. Grants are also provided for regional technology councils in the Baltimore and suburban Washington regions of the State. A number of these grants are reduced slightly from fiscal 2001 to reflect a 2% reduction mandated by DBM for executive branch agencies. The decision was made that grant recipients would share in that reduction, as well as the State programs.

Exhibit 6

Summary of Major Grants

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Division of Business Development			
Small- and mid-sized private businesses	\$0	\$0	\$82,000
Greater Baltimore Committee Foundation	50,000	25,000	0
World Trade Center Institute	204,500	204,500	204,500
Maryland Israel Development Center	113,500	113,500	113,500
Division of Financing Programs			
TEDCO	642,000	2,000,000	2,500,000
MD. Industrial Partnerships Program	250,000	250,000	230,000

T.00 - Department of Business and Economic Development

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Division of Tourism, Film, and the Arts			
Pride of Baltimore II	35,000	35,000	0
Baltimore Area Convention/Visitors Bureau	0	0	750,000
Ward Waterfowl Museum	0	100,000	100,000
Baltimore City (public safety guides)	200,000	200,000	200,000
Capital Region USA, Inc.	281,000	279,000	305,000
Local county tourism programs	147,000	147,000	147,000
Maryland State Arts Council Grants			
Baltimore Symphony Orchestra	1,553,360	1,749,060	
The Walters Art Gallery	743,169	904,546	
The Baltimore Museum of Art	916,058	832,210	
Center Stage Associates, Inc.	432,199	491,738	
Baltimore Opera Company, Inc.	377,119	408,309	
MD -- National Capital Park and Planning	242,115	287,041	
Olney Theater Center for the Arts	160,906	175,437	
Round House Theater, Inc.	100,681	133,762	
Strathmore Hall Arts Center	62,720	98,624	
Grants to all other arts organizations	2,739,778	4,610,167	
Subtotal -- Grants to Arts Organizations	\$7,328,105	\$9,690,894	\$10,258,961 *
Community Arts Development	\$1,679,273	\$2,002,260	\$1,892,493
Artists in Education	528,991	664,371	509,000
Individual Artists and other programs	220,900	221,500	227,900
Total -- Arts Council	\$9,757,269	\$12,579,025	\$12,888,354
Division of Regional Development			
Various regional businesses assistance grants	409,341	379,067	489,166
Various business development/workforce training	945,143	1,758,623	2,081,720
Maryland Industrial Training Program	6,528,751	6,322,500	6,000,000
Partnership for Workforce Quality	4,210,000	4,074,135	3,850,000

*The distribution of Arts Council grants to arts organizations for fiscal 2002 is not known at this time.

Source: Department of Business and Economic Development; Maryland State Budget

2. Various Economic Development Reports

Effects of the Consolidation Effort

The budget committees adopted committee narrative in the 2000 *Joint Chairmen's Report* directing DBED to provide a report on the effects of the consolidation of the department's financing programs which took place pursuant to Chapter 305, Acts of 2000. The report, submitted as requested, provides the following information:

- Most of the consolidation occurred within the Maryland Economic Development Authority Assistance Fund (MEDAAF), which provides loans and conditional loans and grants. MEDAAF now includes the capabilities of the former MICRF, MILA, Brownfields, direct Day Care lending, Seafood and Aquaculture, and Animal Waste Technology programs. The MEDAAF Authority also expanded the list of eligible industry sectors to include: agriculture and forestry; aerospace; biotechnology; transportation; distribution and warehousing; environmental technology; information technology; telecommunications; manufacturing; film industry sound stage; businesses with U.S. or regional corporate headquarters located in, or to be relocated to, the State; businesses located in the State that generate more than 50% of their revenues from outside the State; and feasibility studies when the costs are incurred by a local jurisdiction. The consolidation of all insurance, link deposit, and bond issuance capabilities into MIDFA also occurred under the consolidation of the financing funds.
- DBED conducted briefings/meetings to educate local economic development officials, financial institutions, and other interested parties on the consolidation effort.
- The department studied the impact of consolidation on staffing and has determined that additional staffing to support consolidation is not needed.
- DBED indicated that the consolidation will have a minimal effect on the amount of operating funds required to administer the financing programs. Cost-of-living and standard inflationary operating increases should be expected, and the consolidation also allows for the department to charge administrative expenses to the Sunny Day Fund.
- The department intends to direct more incentives through the use of low-interest loans and move away from grants or conditional loans. A reduction in the reliance on the Sunny Day Fund will be offset by an increase in the use of MEDAAF. A reduction in the number of grant fund projects and an increase in loan investment projects should allow the department to use more special funds and less general funds.
- DBED reports that the impact of consolidation on its customers is difficult to measure at this early stage. The department will continue to work to ensure that assistance will help support local economic development initiatives. To this end, DBED is encouraging local jurisdictions to maintain current economic development plans.

T.00 - Department of Business and Economic Development

Anticipated Economic Activity Report

As required by committee narrative in the 2000 JCR, DBED has submitted a report reviewing the economic impact of State financial assistance in economic development projects. As requested, the report measure the overall impact of Sunny Day and MEDAAF projects for fiscal 2000, lists the project proposals not funded, and provides economic impact and minority participation for project commitments of \$1.0 million or greater. DLS observes that the report satisfies the request of the budget committees. DBED did, however, report difficulty in obtaining information on whether Sunny Day and MEDAAF recipients had minority business enterprise and workforce diversity projects. Of the eight recipients contacted, only six responded.

Current and Prior Year Budgets

Current and Prior Year Budgets Department of Business and Economic Development (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2000					
Legislative Appropriation	\$52,209	\$6,592	\$469	\$595	\$59,865
Deficiency Appropriation	250	0	0	0	250
Budget Amendments	241	1,662	154	345	2,402
Reversions and Cancellations	0	(893)	(217)	(9)	(1,119)
Actual Expenditures	\$52,700	\$7,361	\$406	\$931	\$61,398
Fiscal 2001					
Legislative Appropriation	\$60,074	\$9,688	\$499	\$348	\$70,609
Budget Amendments	0	298	213	234	745
Working Appropriation	\$60,074	\$9,986	\$712	\$582	\$71,354

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

T.00 - Department of Business and Economic Development

Fiscal 2000

DBED finished fiscal 2000 \$1.5 million above its legislative appropriation. The department's Division of Tourism, Film, and the Arts received a \$250,000 general fund deficiency appropriation to supplement the appropriation for "Opsail 2000" in Baltimore City. General funds in the amount of \$241,000 were added to the department's budget to provide funds to implement the new statewide salary pay plan and for the deferred compensation match.

Significant special fund amendments include the addition of \$529,511 for the revenues of the financing funds to cover the salary expenses of personnel transferred from the Division of Business Development and two new positions created in fiscal 2000 that were unfunded. The MTDB carried forward, by budget amendment, \$344,081 in unexpended funds from the previous year; similarly, the Arts Council brought in funds remaining from fiscal 1999 totaling \$117,715 for the Artists in Education program. An additional \$250,000 transferred from the Maryland Enterprise Investment Fund was made available for the Maryland Industrial Partnership program for matching fund grants to Maryland companies to support research, development, and the commercialization of products. An additional \$375,000 in special funds was added to the DBED budget from the Maryland Enterprise Investment Fund to allow for a grant to the Maryland Communication Center to provide operating support for the M/QUEST project.

A significant special fund cancellation included \$144,890 for the Artists in Education program. The department expects to process a budget amendment to bring these funds into the fiscal 2001 budget. The MTDB cancelled \$90,677 in unexpended special funds to the special nonlapsing Maryland Tourism Development Board Fund. The department's financing programs cancelled another \$656,729 of funds used to support the program's operating budgets.

The \$216,555 federal fund cancellation represents unspent grant funds to the Maryland State Arts Council provided under the Federal Partnership Agreement; funds were awarded for specific projects which were not completed in fiscal 2000. The council has received an extension of the deadline for expending the remaining funds through December 31, 2000, and has processed a budget amendment (045-01) to expend the remaining funds during fiscal 2001.

Reimbursable funds include additional funds in the amount of \$172,650 from MDOT -- State Highway Administration -- to reimburse DBED's Office of Tourism Development for costs related to the renovation and improvement of the welcome centers on interstate 95. DBED cancelled \$7,782 of these funds. The Division of Tourism, Film, and the Arts received \$75,000 from the Maryland State Department of Education (MSDE) to fund the printing of an anthology of Maryland student art, poetry, and prose. An additional \$6,100 was provided by the MSDE to support the implementation of the Maryland Artists/Teacher Institute. The Division of Regional Development carried forward \$57,765 of unspent fiscal 1999 reimbursable funds from the Maryland Higher Education Commission to support a joint project to establish advance technology centers.

T.00 - Department of Business and Economic Development

Fiscal 2001

Significant special fund amendments include the carry-forward of \$142,331 in Maryland State Arts Council Artists in Education program grant funds; the carry-forward of \$40,000 of unexpended grant funds for Lockheed Martin Corporation for grants to arts organizations; and the addition of \$95,557 from DBED's financing programs to fully implement the expansion of the new Office of Economic Policy and Legislation. Additional federal funds in the amount of \$213,370 represents the appropriation of unexpended fiscal 2000 grant funds under the federal Partnership Agreement. Significant additional reimbursable funds include \$200,000 from MDOT to assist DBED with the M/QUEST project.

Object/Fund Difference Report
Department of Business and Economic Development

Positions	Object/Fund	FY01		FY02	FY01 - FY02	Percent
		FY00	Working			
		Actual	Appropriation			
01	Regular	307.00	317.00	323.00	6.00	1.9%
02	Contractual	33.05	37.80	45.30	7.50	19.8%
	Total Positions	340.05	354.80	368.30	13.50	3.8%
Objects						
01	Salaries and Wages	\$ 17,219,340	\$ 18,956,716	\$ 20,872,922	\$ 1,916,206	10.1%
02	Technical & Spec Fees	1,357,387	1,045,314	1,570,066	524,752	50.2%
03	Communication	831,171	859,113	748,763	(110,350)	(12.8%)
04	Travel	859,635	881,795	1,024,853	143,058	16.2%
06	Fuel & Utilities	247,784	202,562	252,012	49,450	24.4%
07	Motor Vehicles	315,434	304,157	345,486	41,329	13.6%
08	Contractual Services	12,175,173	17,187,260	16,325,891	(861,369)	(5.0%)
09	Supplies & Materials	456,591	426,525	466,457	39,932	9.4%
10	Equip - Replacement	427,155	5,000	3,971	(1,029)	(20.6%)
11	Equip - Additional	394,011	36,082	40,707	4,625	12.8%
12	Grants, Subsidies, Contributions	25,528,327	29,852,949	31,192,218	1,339,269	4.5%
13	Fixed Charges	1,586,123	1,596,950	1,604,589	7,639	0.5%
	Total Objects	\$ 61,398,131	\$ 71,354,423	\$ 74,447,935	\$ 3,093,512	4.3%
Funds						
01	General Fund	\$ 52,700,318	\$ 60,074,090	\$ 62,065,598	\$ 1,991,508	3.3%
03	Special Fund	7,360,822	9,986,014	11,488,800	1,502,786	15.0%
05	Federal Fund	405,936	712,211	511,429	(200,782)	(28.2%)
09	Reimbursable Fund	931,055	582,108	382,108	(200,000)	(34.4%)
	Total Funds	\$ 61,398,131	\$ 71,354,423	\$ 74,447,935	\$ 3,093,512	4.3%

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

Fiscal Summary
Department of Business and Economic Development

<u>Unit/Program</u>	<u>FY00</u> <u>Actual</u>	<u>FY01</u>		<u>FY00 - FY01</u> <u>% Change</u>	<u>FY02</u> <u>Allowance</u>	<u>FY01 - FY02</u> <u>% Change</u>
		<u>Legislative</u> <u>Appropriation</u>	<u>Working</u> <u>Appropriation</u>			
01 Secretariat Services	\$ 2,550,462	\$ 2,835,673	\$ 3,286,967	28.9%	\$ 3,470,504	5.6%
02 Maryland Economic Development Commission	25,000	25,000	25,000	0%	25,000	0%
03 Office of the Attorney General	1,166,837	1,184,531	1,184,531	1.5%	1,420,603	19.9%
01 Office of Administration	2,842,993	3,242,349	3,242,349	14.0%	3,500,626	8.0%
01 Division of Business Development	8,887,466	10,295,107	10,233,551	15.1%	10,379,642	1.4%
01 Assistant Secretary for Financing Programs	1,326,506	1,332,111	1,392,291	5.0%	1,471,866	5.7%
02 Maryland Industrial Development Financing	0	851,453	0	0%	0	0%
03 Maryland Small Business Development	1,128,574	1,195,460	1,195,460	5.9%	1,201,572	0.5%
04 Day Care Facilities Administration	0	266,175	0	0%	0	0%
05 MID Competitive Advantage Loan Program	1,568,761	0	1,896,754	20.9%	2,029,827	7.0%
06 Community Financing Group Administration	0	837,929	0	0%	0	0%
08 Investment Financing Group	965,305	2,626,819	2,626,819	172.1%	3,410,292	29.8%
01 Assistant Secretary and Administration	964,062	828,588	827,165	(14.2%)	1,629,034	96.9%
02 Office of Tourism Development	5,908,681	7,062,775	7,074,342	19.7%	7,118,111	0.6%
03 Maryland Tourism Board	5,328,404	6,360,000	6,360,000	19.4%	6,360,000	0%
04 Maryland Film Office	737,516	1,269,797	1,267,616	71.9%	1,282,803	1.2%
05 Maryland State Arts Council	11,111,053	13,255,514	13,649,513	22.8%	14,104,481	3.3%
01 Division of Regional Development	12,676,511	13,065,709	13,017,930	2.7%	13,193,574	1.3%
03 Partnership for Workforce Quality	4,210,000	4,074,135	4,074,135	(3.2%)	3,850,000	(5.5%)
Total Expenditures	\$ 61,398,131	\$ 70,609,125	\$ 71,354,423	16.2%	\$ 74,447,935	4.3%
General Fund	\$ 52,700,318	\$ 60,074,090	\$ 60,074,090	14.0%	\$ 62,065,598	3.3%
Special Fund	7,360,822	9,688,086	9,986,014	35.7%	11,488,800	15.0%
Federal Fund	405,936	498,841	712,211	75.4%	511,429	(28.2%)
Total Appropriations	\$ 60,467,076	\$ 70,261,017	\$ 70,772,315	17.0%	\$ 74,065,827	4.7%
Reimbursable Fund	\$ 931,055	\$ 348,108	\$ 582,108	(37.5%)	\$ 382,108	(34.4%)
Total Funds	\$ 61,398,131	\$ 70,609,125	\$ 71,354,423	16.2%	\$ 74,447,935	4.3%

T.00 - Department of Business and Economic Development

T.00 - Department of Business and Economic Development

Appendix 4

New Positions

<u>Classification</u>	<u>Position</u>	<u>Salary and Fringe Benefit Cost</u>	<u>New or Conversion</u>
Office of the Secretary			
Management Associate	1.0	\$43,858	conversion
Division of Business Development			
Administrative Aid	1.0	41,977	conversion
Division of Tourism, Film, and the Arts			
Travel Information Aid	1.0	33,991	conversion
Industrial Development Officer II	1.0	39,309	conversion
Division of Regional Development			
Industrial Development Representative	1.0	66,847	conversion
Administrative Officer II	1.0	41,249	conversion
Total	6.0	\$267,231	

Source: Maryland State Budget