

**DA.15**  
**Governor's Office for Smart Growth**

***Operating Budget Data***

(\$ in Thousands)

	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>		<b>% Change</b>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	<u>\$0</u>	<u>\$403</u>	<u>\$753</u>	<u>\$350</u>	<u>86.7%</u>
<b>Total Funds</b>	<b>\$0</b>	<b>\$403</b>	<b>\$753</b>	<b>\$350</b>	<b>86.7%</b>

- The Office for Smart Growth (OSG) has a \$349,551 increase in general funds that is due to a \$396,428 increase in personnel costs, a \$10,000 increase in travel, and a \$16,791 vehicle purchase, offset by major decreases that total \$146,584, from one-time start up costs.

***Personnel Data***

	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	0.00	3.00	8.00	5.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>0.00</b>	<b>3.00</b>	<b>8.00</b>	<b>5.00</b>

***Vacancy Data: Regular Positions***

Budgeted Turnover: FY 03	0.57	7.12%
Positions Vacant as of 12/31/01	2.00	66.67%

- The agency received five new positions in the fiscal 2003 allowance.

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

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## Analysis in Brief

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### Issues

**Office for Smart Growth Is A Deceptively Large Office:** OSG is staffed primarily by individuals donated from other State agencies. The Special Secretary is the only person employed directly by OSG. Despite an official budget of three (with two vacancies), OSG currently has 12 full-time staff. The additional staff are on detail from other State agencies. **DLS recommends that the committees add language limiting the number of positions employed by OSG and requiring OSG to submit a report with its budget request on the personnel and other expenses incurred by other agencies on behalf of OSG.**

### Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Add language restricting the number of authorized positions in the Office for Smart Growth.		
2. Add language requiring the Office for Smart Growth to submit a report with its budget request on the personnel and other expenses incurred by other agencies on behalf of the office.		
3. Delete new positions for the Office for Smart Growth.	\$ 298,705	5.0
4. Delete vacant positions in the Office for Smart Growth.	118,577	2.0
5. Reduce management studies and consultants.	20,000	
6. Delete funding for one additional vehicle.	16,791	
7. Reduce printing expenses.	13,000	
8. Reduce postage.	1,500	
9. Reduce travel expenses.	4,000	
<b>Total Reductions</b>	<b>\$ 472,573</b>	<b>7.0</b>

**DA.15**  
**Governor's Office for Smart Growth**

***Operating Budget Analysis***

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**Program Description**

The Office for Smart Growth (OSG) was created to assist local governments, developers, citizen groups, and others expedite projects that are consistent with Smart Growth goals and to provide a one-stop resource for individuals and organizations seeking to learn about the State's Smart Growth programs. The office works in three specific areas:

- Program and Policy Coordination – promoting interagency consensus and cooperation on projects that are consistent with Smart Growth;
- Education and Awareness – serving as an information clearinghouse on Smart Growth for local officials, developers, news media, and citizen groups; and
- Project Implementation – providing targeted advisory and technical assistance to local jurisdictions, developers, and the public that will help them prepare, finance, and develop projects that are consistent with Smart Growth.

**Fiscal 2002 Changes**

**Cost Containment**

The Department of Budget and Management required OSG to reduce costs by \$2,000 in general funds. The office chose to meet this requirement by reducing expenditures in Object 14 – land and structures.

**Governor's Proposed Budget**

As shown in **Exhibit 1**, OSG has an 86.7%, or \$349,551 increase in general funds that is due to a \$396,428 increase in personnel costs, a \$10,000 increase in travel, and a \$16,791 vehicle purchase. These increases were offset by one major decrease, \$146,584, from one-time start up costs.

**Exhibit 1**

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**Governor's Proposed Budget  
Governor's Office for Smart Growth  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Total</b>
2002 Working Appropriation	\$403	\$403
2003 Governor's Allowance	753	753
Amount Change	\$350	\$350
Percent Change	86.8%	86.8%

**Where It Goes:**

**Personnel Expenses**

New positions .....	\$299
Fiscal 2003 increments .....	3
Annualize fiscal 2002 general salary increase .....	4
Other adjustments .....	90

**Other Changes**

One-time start up costs .....	(147)
Increase in travel .....	10
Increase in postage .....	3
Increase in telephone/telecommunications charges .....	8
Increase in contractual services .....	8
Office equipment replacement .....	3
Increase in management studies and consultants .....	20
Increase in supplies and materials .....	10
Increase in printing/reproduction .....	27
Other .....	12

**Total** **\$350**

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

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**Cost Containment**

OSG is not participating in cost containment for fiscal 2003.

**Personnel**

The new positions are only budgeted at a 4.08% turnover rate and are as follows:

<u>Position</u>	<u>Total Costs</u>
Administrative Aide II (Executive Department)	\$34,848
Special Assistant III (Executive Department)	49,199
Executive Assistant II (Executive Department)	62,282
Executive Assistant II (Executive Department)	62,282
Executive Aide V	90,094
<b>Total</b>	<b>\$298,705</b>

Personnel costs were also increased because of the reclassification of two of the currently vacant positions during fiscal 2002. The Administrator II position was upgraded to an Administrator VII and the Administrative Aide II is now a Special Assistant II (Executive Department). The Special Secretary position also had a salary increase. The pay differential is listed below:

<u>Position - Fiscal 2002 Appropriation/Fiscal 2003 Reclassification</u>	<u>Fiscal 2002 Appropriation (Salary only)</u>	<u>Fiscal 2002 Working Appropriation (Salary only)</u>	<u>Fiscal 2003 Allowance (Salary only)</u>	<u>2002 Approp. vs. 2003 Allowance</u>
Special Secretary	\$90,466	\$116,169	\$116,169	\$25,703
Administrator II/ Administrator VII	39,001	64,365	65,624	26,623
Admin Aide II/ Special Assistant II	26,421	32,715	33,342	6,921
<b>Total</b>	<b>\$155,888</b>	<b>\$213,249</b>	<b>\$215,135</b>	<b>\$59,247</b>

Currently, only one person is directly employed by the OSG, the Special Secretary. The other positions remain vacant because either the salary was too low to attract suitable candidates or the OSG did not have the funds to pay for the positions and the increase in the Special Secretary's salary and other expenses.

**Performance Analysis: Managing for Results**

According to its mission statement, the OSG:

". . . will coordinate the implementation of the State's Smart Growth and Neighborhood Conservation Initiative. The Office will work to instill a Smart Growth ethos in the State and deepen the commitment within the State to implement Smart Growth. In order to facilitate Smart Growth development projects, the Office will work closely with developers, local governments, communities and state agencies as they pursue specific projects."

Like other agencies with broad missions, quantifying the work of OSG is difficult. As shown in **Exhibit 2**, OSG tries to quantify its work with indicators such as "number of speeches and presentations on Smart Growth in Maryland" and "number of projects OSG assisted." Other indicators are included that try to capture the overall impact of the State's various Smart Growth programs: "ratio of development occurring inside Priority Funding Areas" and "percentage of citizens recognizing that Smart Growth results in improved quality of life."

**Exhibit 2**

**Program Measurement Data  
Governor's Office for Smart Growth  
Fiscal 1999 through 2003**

	<u>Actual 1999</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Actual 2001</u>	<u>Est. 2002</u>	<u>Est. 2003</u>	<u>Ann. Chg. 99-01</u>	<u>Ann. Chg. 01-03</u>
Percentage of development occurring inside priority funding areas	n/a	71%	n/a	70%	71%	71%	n/a	0.7%
Distribute 5,000 copies of "Smart Growth in Maryland"	n/a	n/a	n/a	n/a	5,000	5,000	n/a	n/a
# of speeches and presentations on Smart Growth in Maryland	n/a	n/a	n/a	n/a	25	30	n/a	n/a
# of projects OSG assisted	n/a	n/a	n/a	n/a	15	30	n/a	n/a
% of citizens recognizing that Smart Growth results in improved quality of life	n/a	n/a	n/a	n/a	n/a	60%	n/a	n/a

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<u>Actual</u> <u>1999</u>	<u>Actual</u> <u>2000</u>	<u>Est.</u> <u>2001</u>	<u>Actual</u> <u>2001</u>	<u>Est.</u> <u>2002</u>	<u>Est.</u> <u>2003</u>	<u>Ann.</u> <u>Chg.</u> <u>99-01</u>	<u>Ann.</u> <u>Chg.</u> <u>01-03</u>
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Note: OSG was created July 1, 2002. Most measures are new and therefore have no data.

Source: Governor's Budget Book, fiscal 2003

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OSG should include indicators such as the number of parties seeking assistance in pursuing a Smart Growth project, number of referrals made to other agencies to assist people with Smart Growth questions, or number of organizations requesting presentations on Smart Growth, to foster an understanding of the need for the agency's services. Furthermore, some of the indicators included by OSG cannot be measured: "increased efficiency of infrastructure investments," "creation of one-stop referral service for projects," and "process for coordinated State review and response to project proposals." **OSG should replace these indicators with more substantive and quantifiable indicators.**

## Issues

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### 1. Office for Smart Growth Is A Deceptively Large Office

The Office for Smart Growth is staffed primarily by individuals donated from other State agencies. The Special Secretary is the only position employed directly by OSG. Despite an official budget of three (with two vacancies), OSG currently has 12 full-time staff. The additional staff are on detail from other State agencies. OSG maintains that it has the benefit of becoming much more informed about specific Smart Growth programs statewide and how they can best work together by having borrowed staff. Furthermore, OSG contends that by borrowing staff, there is better coordination with other State agencies and a more thorough understanding of how State agency core programs can be leveraged to accomplish State Smart Growth goals.

While OSG sees benefits from borrowing staff from other agencies, the problem is that the actual cost of the agency is obfuscated. In looking at the Governor's fiscal 2003 budget books, OSG is budgeted \$752,683 in general funds. However, with 11 full-time and 4 part-time positions brought in from other agencies, the funding required to maintain the agency is substantially higher. A chart with the fiscal 2002 salaries for the borrowed staff is shown in **Exhibit 3**.

#### Exhibit 3

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#### Salaries for Borrowed Staff Fiscal 2002

<u>Home Agency</u>	<u>Classification</u>	<u>Grade</u>	<u>Step</u>	<u>Annual Salary</u>
MDP	Program Manager IV	22	14	\$76,599
MDP	Planner V	18	6	50,339
DNR	Program Manager, Sr. IV	26	15	101,966
DNR	Natural Resource Planner V	18	5	49,378
DNR	Administrator III	18	2	44,043
DBED	Program Manager IV	22	13	75,123
DGS	Program Manager IV	22	12	73,675
MDE	Program Manager III (70% part-time)	21	12	68,943
MDE	Administrator VI	21	13	70,295
MDOT	Contract (part-time)			61.22/hr.
MDOT	Administrative Officer II	14	9	41,007
MDOT	Transportation Engineer III	16	8	45,866
MDOT	Administrative Officer I	13	8	37,683

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<u>Home Agency</u>	<u>Classification</u>	<u>Grade</u>	<u>Step</u>	<u>Annual Salary</u>
DBM	Agency Budget Specialist Trainee (50% part-time)	12	0	27,643
Dept. of Aging	Senior Aide (stipend payment/part-time)			5.15/hour
<b>Total</b> (not including part-time employees paid hourly)				<b>\$728,056</b>

MDP = Maryland Department of Planning  
DNR = Department of Natural Resources  
DBED = Department of Business and Economic Development  
DGS = Department of General Services  
MDE = Maryland Department of the Environment  
MDOT = Maryland Department of Transportation  
DBM = Department of Budget and Management

Source: Governor's Office

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If the number of borrowed staff continues to be around 11 full-time and 4 part-time positions, OSG is actually an agency with salary expenses that total over \$1 million, versus the \$544,558 in personnel expenses budgeted in fiscal 2003. As OSG is also able to borrow resources such as computers from other agencies as well, there is no way to determine the budget for OSG through the budget bill or the Governor's budget books.

**DLS recommends that the committees add language limiting the number of people employed by OSG and requiring the Office for Smart Growth to submit a report with its budget request on the personnel and other expenses incurred by other agencies on behalf of OSG.**

## Recommended Actions

1. Add the following language to the general fund appropriation:

. provided that the Office for Smart Growth shall not expend funds on any job or position of employment in excess of one position and contractual full-time equivalents paid through special payments payroll (defined as the quotient of the sum of the hours worked by all such employees in the fiscal year divided by 2,080 hours).

**Explanation:** The language limits the number of employees in the Office for Smart Growth to one position.

2. Add the following language to the general fund appropriation:

.provided that the Office for Smart Growth (OSG) shall submit with its budget request a report on any expenses incurred by other agencies on behalf of OSG. The report should detail each expense by agency.

**Explanation:** The Office for Smart Growth borrows staff and resources from other agencies. In order to have a clear understanding of the funding required to maintain the OSG, a report detailing each of the expenditures made by other agencies on OSG's behalf needs to be compiled and submitted with OSG's budget request.

**Information Request**

**Author**

**Due Date**

Office for Smart Growth  
Expense Report

Office for Smart Growth

With budget submission

**Amount  
Reduction**

**Position  
Reduction**

- |   |  |            |    |     |         |    |     |
|---|--|------------|----|-----|---------|----|-----|
| <ol style="list-style-type: none"> <li>3. Delete new positions for the Office for Smart Growth (OSG). The new positions are two Executive Assistant IIs, an Administrative Aide II, an Executive Aide V, and a Special Assistant III. These new positions would be used to expand OSG's capabilities to deliver Smart Growth advice to local governments, developers, and the public. As these positions do not meet the criteria set out by the Spending Affordability Committee for new positions, they should be deleted.</li> <li>4. Delete vacant positions in the Office for Smart Growth (OSG). OSG has made use of resources within the State to staff its office and has been very successful in so doing. OSG should continue to look toward existing State resources to pursue its mission.</li> </ol> | <table border="0"> <tr> <td style="padding-right: 10px;">\$ 298,705</td> <td style="padding-right: 10px;">GF</td> <td style="padding-right: 10px;">5.0</td> </tr> <tr> <td style="padding-right: 10px;">118,577</td> <td style="padding-right: 10px;">GF</td> <td style="padding-right: 10px;">2.0</td> </tr> </table> | \$ 298,705 | GF | 5.0 | 118,577 | GF | 2.0 |
| \$ 298,705  | GF   | 5.0        |    |     |         |    |     |
| 118,577   | GF   | 2.0        |    |     |         |    |     |

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5.	Reduce management studies and consultants. For fiscal 2002, the Office for Smart Growth (OSG) was budgeted \$59,268 and for fiscal 2003, \$78,836 for management studies and consultants. The reduction brings OSG back in line with the fiscal 2002 working appropriation.	20,000	GF
6.	Delete funding for one additional vehicle. The Office for Smart Growth is currently an office of three employees, and for fiscal 2003 has eight positions in the allowance. The Special Secretary already has a vehicle. An agency this small does not require two State vehicles; therefore funding for the second vehicle should be deleted.	16,791	GF
7.	Reduce printing expenses. The Office for Smart Growth (OSG) had no money budgeted for printing for fiscal 2002. For fiscal 2003, the agency received \$27,000 in its allowance for printing expenses. This reduction would leave OSG \$14,000 for its printing expenses.	13,000	GF
8.	Reduce postage. The Office for Smart Growth's fiscal 2002 working appropriation was \$2,500; its allowance is \$5,000. This reduction leaves the agency with a 40% increase over fiscal 2002.	1,500	GF
9.	Reduce travel expenses. The Office for Smart Growth (OSG) was budgeted \$5,000 in fiscal 2002 and received \$15,000 in its fiscal 2003 allowance. This reduction still gives OSG a \$6,000 increase for travel over fiscal 2002.	4,000	GF
<b>Total General Fund Reductions</b>		<b>\$ 472,573</b>	<b>7.0</b>

***Current and Prior Year Budgets***

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**Current and Prior Year Budgets  
Governor's Office for Smart Growth  
(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2001</b>					
Legislative Appropriation	\$0	\$0	\$0	\$0	\$0
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	0	0	0	0	0
<b>Actual Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Fiscal 2002</b>					
Legislative Appropriation	\$405	\$0	\$0	\$0	\$405
Budget Amendments	(2)	0	0	0	(2)
<b>Working Appropriation</b>	<b>\$403</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$403</b>

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

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**Fiscal 2001**

OSG was created on July 1, 2001, so there is no fiscal 2001 appropriation for the office.

**Fiscal 2002**

There is only one change to the fiscal 2002 working appropriation for OSG, a \$2,000 reduction. This reduction was made for cost containment purposes.

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Object/Fund Difference Report  
Governor's Office for Smart Growth

Object/Fund	FY01	FY02	FY03	FY02 - FY03	Percent Change
	<u>Actual</u>	<u>Working Appropriation</u>	<u>Allowance</u>	<u>Amount Change</u>	
<b>Positions</b>					
01 Regular	0	3.00	8.00	5.00	166.7%
<b>Total Positions</b>	<b>0</b>	<b>3.00</b>	<b>8.00</b>	<b>5.00</b>	<b>166.7%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 0	\$ 148,130	\$ 544,558	\$ 396,428	267.6%
03 Communication	0	7,500	17,611	10,111	134.8%
04 Travel	0	5,000	15,000	10,000	200.0%
07 Motor Vehicles	0	16,250	17,951	1,701	10.5%
08 Contractual Services	0	65,668	128,223	62,555	95.3%
09 Supplies & Materials	0	5,000	15,000	10,000	200.0%
10 Equip - Replacement	0	0	2,500	2,500	N/A
11 Equip - Additional	0	41,519	9,000	(32,519)	(78.3%)
13 Fixed Charges	0	0	2,840	2,840	N/A
14 Land & Structures	0	114,065	0	(114,065)	(100.0%)
<b>Total Objects</b>	<b>\$ 0</b>	<b>\$ 403,132</b>	<b>\$ 752,683</b>	<b>\$ 349,551</b>	<b>86.7%</b>
<b>Funds</b>					
01 General Fund	\$ 0	\$ 403,132	\$ 752,683	\$ 349,551	86.7%
<b>Total Funds</b>	<b>\$ 0</b>	<b>\$ 403,132</b>	<b>\$ 752,683</b>	<b>\$ 349,551</b>	<b>86.7%</b>

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