

D15A05
Boards, Commissions, and Offices
 Executive Department

Operating Budget Data

(\$ in Thousands)

	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Working</u>	<u>FY 13</u> <u>Allowance</u>	<u>FY 12-13</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$5,007	\$5,194	\$5,555	\$361	6.9%
Adjusted General Fund	\$5,007	\$5,194	\$5,555	\$361	6.9%
Special Fund	568	592	581	-11	-1.8%
Adjusted Special Fund	\$568	\$592	\$581	-\$11	-1.8%
Federal Fund	5,411	5,516	5,536	20	0.4%
Adjusted Federal Fund	\$5,411	\$5,516	\$5,536	\$20	0.4%
Reimbursable Fund	565	671	572	-99	-14.8%
Adjusted Reimbursable Fund	\$565	\$671	\$572	-\$99	-14.8%
Adjusted Grand Total	\$11,551	\$11,974	\$12,245	\$271	2.3%

- The Governor's proposed budget includes four deficiency appropriations totaling \$144,103. The funds are for (1) Minority Business Enterprise (MBE) monitoring of video lottery terminals by the Office of Minority Affairs (OMA); (2) sign language interpreter services within the Governor's Office of Community Affairs (GOCA); (3) leave payouts for staff separating from GOCA; and (4) leave payouts for staff separating from the State Ethics Commission.
- The fiscal 2013 allowance increases by \$271,258 compared with the fiscal 2012 working appropriation. The change is primarily a result of increased personnel and contractual services costs.
- General funds increase by \$360,778, or 6.9%, and reimbursable funds decrease by \$99,182, or 14.8%.

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

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Personnel Data

	<u>FY 11 Actual</u>	<u>FY 12 Working</u>	<u>FY 13 Allowance</u>	<u>FY 12-13 Change</u>
Regular Positions	59.70	57.70	57.70	0.00
Contractual FTEs	<u>7.80</u>	<u>7.00</u>	<u>7.00</u>	<u>0.00</u>
Total Personnel	67.50	64.70	64.70	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.42	0.73%
Positions and Percentage Vacant as of 12/31/11	0.80	1.39%

- The number of regular positions and contractual full-time equivalents is unchanged in the fiscal 2013 allowance, compared with the fiscal 2012 working appropriation.
- The agency's vacancy rate is currently 1.39%. The turnover rate is 0.73%.

Analysis in Brief

Major Trends

Participation at Office of Minority Affairs Events Increases: OMA oversees programs with the goal of improving MBE participation in State contracts, especially with the Maryland Department of Transportation. The office holds meetings and conferences, offers training on the contracting process, and offers technical assistance to MBEs and State agencies. In fiscal 2009, there were 1,600 MBE participants at OMA events; by fiscal 2011, the number had increased to 7,590.

Amount of Ethics Training Increases Significantly: The State's Public Ethics Laws are administered by the State Ethics Commission, which trains public officials and lobbyists and provides legal advice. The number of officials who received ethics training increased significantly in fiscal 2011 to 3,402 and is up 173.7% since fiscal 2009.

Federal Grant Funding Expected to Decrease in Fiscal 2012: By helping to increase the flow of federal funds into the State, the Governor's Grants Office helps Maryland to meet its funding needs. Between fiscal 2008 and 2011, federal funding increased 58.5% to \$10.3 billion, largely due to the American Recovery and Reinvestment Act of 2009 (ARRA). The expiration of the ARRA funding is why the office estimates a \$1.0 billion reduction in fiscal 2012.

Recommended Actions

1. Concur with Governor's allowance.

D15A05 – Executive Department – Boards, Commissions, and Offices

D15A05
Boards, Commissions, and Offices
Executive Department

Operating Budget Analysis

Program Description

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

The unit includes Survey Commissions; the Office of Minority Affairs (OMA), the Governor's Office of Community Initiatives (GOCI); the State Ethics Commission; Health Care Alternative Dispute Resolution Office; the Governor's Office of Crime Control and Prevention (GOCCP); the State Commission on Criminal Sentencing Policy; the Governor's Grants Office; and the State Labor Relations Board. The Department of Legislative Services prepares a separate analysis for GOCCP; the others are discussed here.

Performance Analysis: Managing for Results

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

Participation at Office of Minority Affairs Events Increases

OMA oversees programs with the goal of improving Minority Business Enterprise (MBE) participation in State contracts, especially with the Maryland Department of Transportation. The office holds meetings and conferences, offers training on the contracting process, and offers technical assistance to MBEs and State agencies. MBE participation at OMA events has increased significantly in recent years. In fiscal 2009, there were 1,600 MBE participants at OMA events; by fiscal 2011, the number had increased to 7,590. The office attributes this to OMA outreach events and activities related to the Base Realignment and Closure. Requests for assistance decreased in fiscal 2011 due to an increased availability of information on the OMA website. OMA anticipates that the number of requests will be around 850 in fiscal 2012 and 2013.

Exhibit 1
**Program Measurement Data for the Office of Minority Affairs, Office of
 Community Initiatives, and State Ethics Commission**
Fiscal 2009-2013

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Est. 2012</u>	<u>Est. 2013</u>	<u>Ann. Chg. 2009-11</u>
Office of Minority Affairs						
MBE participants at events	1,600	3,855	7,590	8,000	8,000	117.8%
Responses to MBE requests for assistance	904	1,348	728	850	850	-10.3%
Office of Community Initiatives						
Total funds granted to community-based organizations	\$3,562,945	\$4,262,913	\$4,258,649	\$5,115,810	\$5,010,419	9.3%
Number of AmeriCorps members	961	1,952	2,080	1,000	1,000	47.1%
Number of AmeriCorps and Volunteer Maryland volunteers	23,083	22,294	37,328	22,775	22,775	27.2%
Number of hours contributed to State	78,989	73,423	89,873	69,300	69,300	6.7%
Ethnic and cultural community events	741	671	576	445	469	-11.8%
Visitors to Banneker-Douglass Museum	21,800	17,451	18,900	19,500	20,200	-6.9%
State Ethics Commission						
State officials and lobbyists receiving training	1,243	1,884	3,402	2,350	2,410	65.4%
Formal legal complaints issued	99	60	171	70	70	31.4%
Local governments receiving ethics ordinance assistance	17	15	24	102	46	18.8%

MBE: Minority Business Enterprise

Source: Governor's Budget Books, Fiscal 2011-2013

Number of Governor’s Office of Community Initiatives Events Decreases

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

Exhibit 1 shows that total funds granted to community-based organizations remained at about \$4.3 million in fiscal 2011. The number of volunteers recruited was 37,328 in fiscal 2011, and together they donated 89,873 hours of community service to the State. The agency estimates that the number of AmeriCorps and Volunteer Maryland volunteers will decrease significantly in fiscal 2012 and 2013 due to the expiration of ARRA funds that allowed GOCI to expand its service initiatives. The number of volunteers and hours that contributed to the State is likely to return to pre-2011 levels.

To support various cultural communities throughout the State, GOCI holds ethnic and cultural community events. The number of events decreased by 22.3% since fiscal 2009 due to reallocation of resources and cost containment efforts. The number of visitors to the Banneker-Douglass Museum in Annapolis increased in fiscal 2011. However, two years ago, GOCI estimated that the museum would have 20,000 visitors in fiscal 2010. GOCI estimates that the museum will not achieve this level of attendance until fiscal 2013.

Amount of Ethics Training Increases Significantly

The State’s Public Ethics Laws are administered by the State Ethics Commission, which trains public officials and lobbyists and provides legal advice. The commission also issues legal complaints, usually in regard to financial disclosure forms and on conflict of interest matters. The number of officials who received ethics training increased significantly in fiscal 2011 to 3,402 and is up 173.7% since fiscal 2009. The commission attributes this growth to the increased availability of training, which is now online, and more State agencies and lobbying firms requiring employees to receive training.

The number of formal legal complaints issued, increased significantly in fiscal 2011 because the commission determined that it was appropriate to take a more stringent approach to dealing with lobbyists who were late in filing their activity reports for the preceding November 1 through April 30 reporting period. Delinquent filers were not given additional time to submit their activity reports as had been allowed in prior years.

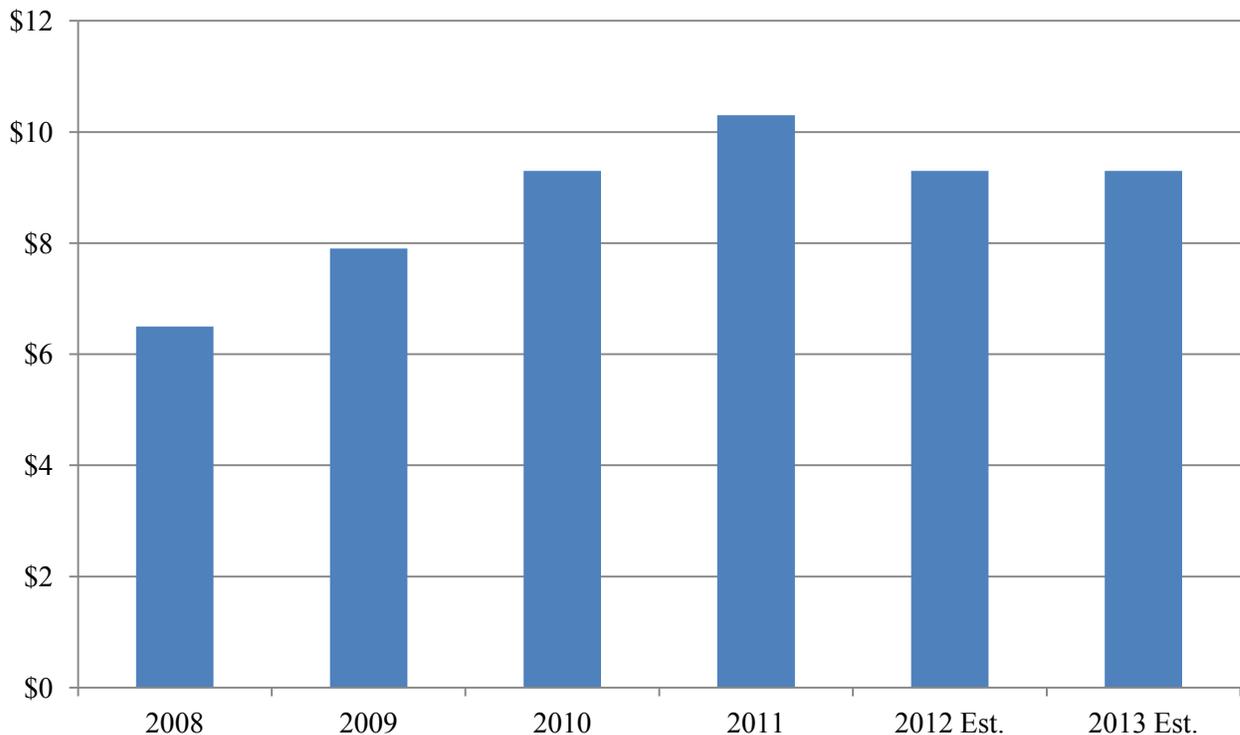
Chapter 277 of 2010 specifies that county and municipal ethics requirements must be at least as stringent as State requirements. Thus, the commission received an increased number of inquiries from local governments regarding how to comply with Chapter 277. The commission estimates that 102 local governments will request assistance in fiscal 2012.

Federal Grant Funding Expected to Decrease in Fiscal 2012

By helping to increase the flow of federal funds into the State, the Governor’s Grants Office helps Maryland to meet its funding needs. **Exhibit 2** shows the amount of federal funds received since fiscal 2008. Between fiscal 2008 and 2011, federal funding increased 58.5% to \$10.3 billion; the increase is largely due to the American Recovery and Reinvestment Act of 2009 (ARRA) funding. The expiration of the ARRA funding is why the office estimates a \$1.0 billion reduction in fiscal 2012.

The Governor’s Grants Office also provides training in receiving and managing grants. A training session held in one place can be viewed at locations throughout the State and also online, reaching more people than a single stand-alone session could reach.

Exhibit 2
Federal Grant Dollars Received by Maryland
Fiscal 2008-2013
(\$ in Billions)



Source: Governor’s Budget Books, Fiscal 2010-2013

Fiscal 2012 Actions

Proposed Deficiency

The Governor's allowance includes four fiscal 2012 deficiency appropriations totaling \$144,103. OMA requires a deficiency appropriation in the amount of \$66,103 to monitor compliance with State MBE requirements at two video lottery terminal sites. A second deficiency appropriation in the amount of \$20,000 will be used by GOCI to pay for sign language interpreter services for Volunteer Maryland Training sessions. Finally, GOCI and the State Ethics Commission each require addition funds in fiscal 2012 – \$20,000 and \$38,000, respectively – to cover costs associated with leave payouts for departing staff.

Proposed Budget

Exhibit 3 shows that spending within boards, commissions, and offices increases by \$271,258 in the allowance compared to the fiscal 2012 working appropriation. General funds increase by \$360,778; special funds decrease by \$10,784; federal funds increase by \$20,446; and reimbursable funds decrease by \$99,182. Personnel costs increase by \$196,050, which accounts for most of the increase in the allowance. The primary driver for personnel costs are related to employee and retiree health insurance and retirement costs.

Exhibit 3
Proposed Budget
Executive Department – Boards, Commissions, and Offices
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
2012 Working Appropriation	\$5,194	\$592	\$5,516	\$671	\$11,974
2013 Allowance	<u>5,555</u>	<u>581</u>	<u>5,536</u>	<u>572</u>	<u>12,245</u>
Amount Change	\$361	-\$11	\$20	-\$99	\$271
Percent Change	6.9%	-1.8%	0.4%	-14.8%	2.3%
 Contingent Reduction	 \$0	 \$0	 \$0	 \$0	 \$0
Adjusted Change	\$361	-\$11	\$20	-\$99	\$271
Adjusted Percent Change	6.9%	-1.8%	0.4%	-14.8%	2.3%

Where It Goes:

Personnel Expenses

Increments and other compensation	\$49
Elimination of the one-time \$750 bonus.....	-40
Employee and retiree health insurance	102
Employee retirement.....	84
Other fringe benefit adjustments	1

Other Changes

Contractual employee salaries	-26
Administration and management services	21
Cost allocations.....	38
Additional video lottery terminal consultation and reporting costs.....	89
Education reimbursements.....	-60
Other adjustments	13

Total **\$271**

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

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

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

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
Fiscal 2011					
Legislative Appropriation	\$4,935	\$655	\$4,610	\$707	\$10,906
Deficiency Appropriation	103	0	0	0	103
Budget Amendments	54	0	815	0	869
Reversions and Cancellations	-84	-87	-13	-142	-326
Actual Expenditures	\$5,007	\$568	\$5,411	\$565	\$11,551
Fiscal 2012					
Legislative Appropriation	\$5,165	\$592	\$5,504	\$671	\$11,933
Budget Amendments	29	0	11	0	40
Working Appropriation	\$5,194	\$592	\$5,516	\$671	\$11,974

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

Fiscal 2011

The fiscal 2011 general fund appropriation totaled \$4,934,671. This amount increased by a net \$72,506 by the end of fiscal 2011 due to three deficiency appropriations totaling \$102,702, two budget amendments totaling \$53,842, and \$84,038 in unspent funds.

The deficiency appropriations were made for the purposes listed below:

- utility costs at the Banneker-Douglass Museum (\$30,609);
- a special fund shortfall in the State Ethics Commission (\$41,132); and
- start-up costs for the Public School Labor Relations Board (\$30,961).

The two budget amendments shifted general funds from other agencies and between units of the Governor’s Office to ensure each unit could make required health benefits disbursements and meet their appropriated turnover requirements.

The federal fund appropriation increased by a net \$801,285. Two budget amendments transferred \$814,753 to GOCI to fund volunteer activities in the State.

The reimbursable fund appropriation decreased by \$141,807 due to the reversion of unexpended funds. The bulk of these reverted funds stemmed from lower than expected program costs within GOCI and OMA.

Fiscal 2012

The total appropriation increased by \$40,270 over the legislative appropriation. The increase is due to a budget amendment that allocates funding for the one-time \$750 bonus paid to State employees.

Audit Findings

Audit Period for Last Audit:	January 7, 2007 – March 31, 2009
Issue Date:	February 2, 2010
Number of Findings:	2
Number of Repeat Findings:	2
% of Repeat Findings:	100%
Rating: (if applicable)	

Executive Department – Boards, Commissions, and Offices

Finding 1: Internal cash receipt collections rules at two units were not adequate.

Finding 2: Proper controls were not established over the department’s equipment.

*Bold denotes item repeated in full or part from preceding audit report.

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

<u>Object/Fund</u>	<u>FY 11 Actual</u>	<u>FY 12 Working Appropriation</u>	<u>FY 13 Allowance</u>	<u>FY 12 - FY 13 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	59.70	57.70	57.70	0.00	0%
02 Contractual	7.80	7.00	7.00	0.00	0%
Total Positions	67.50	64.70	64.70	0.00	0%
Objects					
01 Salaries and Wages	\$ 4,740,007	\$ 4,986,773	\$ 5,182,823	\$ 196,050	3.9%
02 Technical and Spec. Fees	900,684	923,957	925,189	1,232	0.1%
03 Communication	132,804	89,252	97,774	8,522	9.5%
04 Travel	87,653	65,143	63,001	-2,142	-3.3%
06 Fuel and Utilities	88,712	97,034	95,600	-1,434	-1.5%
07 Motor Vehicles	18,137	22,672	19,620	-3,052	-13.5%
08 Contractual Services	406,430	521,421	569,908	48,487	9.3%
09 Supplies and Materials	36,412	48,637	51,136	2,499	5.1%
10 Equipment – Replacement	11,194	16,500	19,800	3,300	20.0%
11 Equipment – Additional	11,533	225	1,440	1,215	540.0%
12 Grants, Subsidies, and Contributions	4,916,560	4,995,872	5,015,817	19,945	0.4%
13 Fixed Charges	201,211	206,078	202,714	-3,364	-1.6%
Total Objects	\$ 11,551,337	\$ 11,973,564	\$ 12,244,822	\$ 271,258	2.3%
Funds					
01 General Fund	\$ 5,007,178	\$ 5,194,203	\$ 5,554,981	\$ 360,778	6.9%
03 Special Fund	567,666	592,247	581,463	-10,784	-1.8%
05 Federal Fund	5,411,419	5,515,670	5,536,116	20,446	0.4%
09 Reimbursable Fund	565,074	671,444	572,262	-99,182	-14.8%
Total Funds	\$ 11,551,337	\$ 11,973,564	\$ 12,244,822	\$ 271,258	2.3%

Note: The fiscal 2012 appropriation does not include deficiencies.

Fiscal Summary
Executive Department – Boards, Commissions and Offices

<u>Program/Unit</u>	<u>FY 11</u> <u>Actual</u>	<u>FY 12</u> <u>Wrk Approp</u>	<u>FY 13</u> <u>Allowance</u>	<u>Change</u>	<u>FY 12 - FY 13</u> <u>% Change</u>
01 Survey Commissions	\$ 90,701	\$ 105,000	\$ 103,000	-\$ 2,000	-1.9%
03 Office of Minority Affairs	1,273,167	1,286,927	1,315,994	29,067	2.3%
05 Governor’s Office of Community Initiatives	8,008,106	8,156,117	8,311,697	155,580	1.9%
06 State Ethics Commission	899,678	971,122	1,082,258	111,136	11.4%
07 Health Care Alternative Dispute Resolution Office	353,215	379,568	394,893	15,325	4.0%
20 State Commission on Criminal Sentencing Policy	305,160	351,229	352,249	1,020	0.3%
22 Governor’s Grants Office	343,375	432,678	383,754	-48,924	-11.3%
23 State Labor Relations Board	277,935	290,923	300,977	10,054	3.5%
Total Expenditures	\$ 11,551,337	\$ 11,973,564	\$ 12,244,822	\$ 271,258	2.3%
General Fund	\$ 5,007,178	\$ 5,194,203	\$ 5,554,981	\$ 360,778	6.9%
Special Fund	567,666	592,247	581,463	-10,784	-1.8%
Federal Fund	5,411,419	5,515,670	5,536,116	20,446	0.4%
Total Appropriations	\$ 10,986,263	\$ 11,302,120	\$ 11,672,560	\$ 370,440	3.3%
Reimbursable Fund	\$ 565,074	\$ 671,444	\$ 572,262	-\$ 99,182	-14.8%
Total Funds	\$ 11,551,337	\$ 11,973,564	\$ 12,244,822	\$ 271,258	2.3%

Note: The fiscal 2012 appropriation does not include deficiencies.