

D10A01
Executive Department – Governor

Operating Budget Data

(\$ in Thousands)

	<u>FY 12 Actual</u>	<u>FY 13 Working</u>	<u>FY 14 Allowance</u>	<u>FY 13-14 Change</u>	<u>% Change Prior Year</u>
General Fund	\$10,376	\$11,036	\$11,393	\$357	3.2%
Contingent & Back of Bill Reductions	0	0	-11	-11	
Adjusted General Fund	\$10,376	\$11,036	\$11,382	\$346	3.1%
Special Fund	0	52	0	-52	-100.0%
Adjusted Special Fund	\$0	\$52	\$0	-\$52	-100.0%
Adjusted Grand Total	\$10,376	\$11,088	\$11,382	\$295	2.7%

- The fiscal 2014 allowance increases by \$295,000, or 2.7%, above the fiscal 2013 working appropriation. General funds increase by \$346,000, or 3.1%, net of \$11,000 due to an across-the-board reduction in health insurance.
- Special funds are eliminated in fiscal 2014; this \$52,000 decrease reflects the fiscal 2013 cost-of-living adjustment, which is annualized using general funds in fiscal 2014.

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

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Personnel Data

	<u>FY 12 Actual</u>	<u>FY 13 Working</u>	<u>FY 14 Allowance</u>	<u>FY 13-14 Change</u>
Regular Positions	86.50	89.50	89.10	-0.40
Contractual FTEs	<u>0.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	87.00	89.50	89.10	-0.40

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.34	1.50%
Positions and Percentage Vacant as of 12/31/12	6.00	6.70%

- The fiscal 2014 allowance reflects a decrease of 0.4 in regular positions. One position in the Appointments Office was reduced to part-time.
- Turnover is set at 1.5%. As of December 31, 2012, there were 6 vacant positions within the Governor's Office, which exceeds the 1.34 vacancies required to meet turnover. Three of the positions have since been filled, and 1.0 position will be abolished effective July 1, 2013.

Analysis in Brief

Recommended Actions

1. Concur with Governor's allowance.

Issues

Homeland Security Funding Continues to Decrease: In prior years, the State had received funding through 16 federal homeland security grant programs. In federal fiscal year (FFY) 2012, Maryland received funding from 9 federal homeland security and preparedness grant programs. The total amount of homeland security grant funds awarded in FFY 2012 was approximately \$37.7 million, which is a 58.7% decrease compared with FFY 2009 and a 25.8% decrease from FFY 2011. Total local pass-through in FFY 2012 was \$24.3 million, which is a 20.8% decrease from FFY 2011. **The department should comment on the expected impact of reduced federal homeland security funding in fiscal 2013 on State and local jurisdictions, particularly in regards to reaching the Governor's 12 core goals. The department should also describe how projects and programs initiated or expanded by increased federal funding will be sustained over time as funding is reduced. Finally, the department should discuss any progress on addressing individuals with special needs, mass care, and resource management, being a few of the areas identified by the 2010 consultant's report *Phase II Assessment: Emergency Preparedness in the State of Maryland* in need of further improvement.**

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Operating Budget Analysis

Program Description

As chief executive, the Governor exercises supervision over the agencies of the Executive Branch. The Governor presents to the legislature in the annual budget a work program and the financial requirements for the ensuing year and reports to the legislature on the condition of the State. Amendments to the enacted budget are approved by the Governor. In discharging the duties of the office, the Governor appoints officials and grants pardons and reprieves. The Governor represents the State in its relations with other jurisdictions and the public.

Performance Analysis: Managing for Results

The strategy of the Governor is contained in his legislative agenda, the budget message, and the operating and capital budgets. Traditional performance measurement data is not appropriate for this office because the performance of individual agencies measures the performance of the Administration.

Fiscal 2013 Actions

Section 25 of Chapter 1 of the First Special Session of 2012 (the Budget Reconciliation and Financing Act of 2012) required the Governor to abolish at least 100 vacant positions as of January 1, 2013, saving at least \$6 million in general funds. This agency's share of the reduction was 1 position and \$31,141. The annualized salary savings due to the abolition of this position is expected to be \$146,070 in general funds.

Proposed Budget

As shown in **Exhibit 1**, the fiscal 2014 allowance increases by \$295,000, or 2.7%, above the working appropriation. General funds increase by \$346,000, or 3.2%; special funds are eliminated with a decrease of \$52,000.

Exhibit 1
Proposed Budget
Executive Department – Governor
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Total
2013 Working Appropriation	\$11,036	\$52	\$11,088
2014 Allowance	<u>11,393</u>	<u>0</u>	<u>11,393</u>
Amount Change	\$357	-\$52	\$306
Percent Change	3.2%	-100.0%	2.8%
Contingent Reductions	-\$11	\$0	-\$11
Adjusted Change	\$346	-\$52	\$295
Adjusted Percent Change	3.1%	-100.0%	2.7%
Where It Goes:			
Personnel Expenses			
Accrued leave payout			\$100
Employee and retiree health insurance, net of across-the-board reduction			60
Employee retirement			205
Turnover adjustments			-86
Annualization of fiscal 2013 cost-of-living adjustment			85
Other fringe benefit adjustments			6
Other Changes			
Eliminate funding to replace Governor's vehicle			-50
Computer and software maintenance			-16
Cost containment			-38
Replacement of workstations			40
Other			-11
Total			\$295

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

Personnel Costs

Overall the budget increases by \$295,000 in fiscal 2014, primarily due to an increase of \$370,000 in personnel costs. Accrued leave payouts account for \$100,000 of the increase; the amount of accrued leave payout is based on past experience of staff leaving. Health insurance increases by \$60,000, net \$11,000 for an across-the-board reduction. Retirement is the bulk of the increase with \$205,000. Contribution rates for the regular employees, teachers, State Police, and law enforcement officers pension plans increase in fiscal 2014. The rate increases are attributable to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension reform. Finally, annualization of the fiscal 2013 cost-of-living adjustment (COLA) adds \$85,000 to the overall personnel expense increase.

Recommended Actions

1. Concur with Governor's allowance.

Issues

1. Homeland Security Funding Continues to Decrease

Chapter 484 of 2009 specifies that the Governor’s Office of Homeland Security (GOHS), in conjunction with several other State agencies, must annually, by December 31 of each year, submit a report that details spending related to homeland security (by agency and by funding source) for the most recent federal fiscal year (FFY). The report must include a listing of homeland security projects for which funding was expended and a description as to how these projects correspond to the 12 core goals for emergency preparedness (see **Appendix 2**). The purpose of these goals is to identify and measure the basic capacities of the State and local public safety agencies and to assess the State’s current level of preparedness in these critical areas.

In prior years, the State had received funding through 16 federal homeland security grant programs. In FFY 2009, Maryland was awarded more than \$91.0 million in homeland security and preparedness grant funds from 13 grant programs. In FFY 2012, Maryland received \$37.7 million from 9 grant programs – a 25.8% decrease from the previous year and a 58.7% decrease since the peak funding in FFY 2009. Maryland did not receive funds in FFY 2012 from 4 programs that were available in FFY 2011: (1) Centers for Disease Control – Public Health Emergency Preparedness; (2) Citizen Corps; (3) Metropolitan Medical Response System; and (4) the Risk Based Program.

The decrease in funds awarded to Maryland is due to a national decrease in homeland security and preparedness funding. Since calendar 2002, Congress has eliminated dozens of programs. In FFY 2012, Congress consolidated homeland security grant funding from multiple grant programs into a single pool to be distributed at the Secretary of Homeland Security’s discretion. **Exhibit 2** provides the amount received by the State from Homeland Security grants, and amounts passed through to local jurisdictions in FFY 2012; previous years are not provided because the consolidation and elimination of grants makes comparison difficult.

Exhibit 2
Homeland Security Grant Funding Received by the State
Federal Fiscal 2012

<u>Grant</u>	<u>State Administrator</u>	<u>Total Maryland Allocation</u>	<u>Total Local Pass-through</u>
Assistant Secretary for Preparedness and Response – Hospital Preparedness Program	DHMH	\$6,445,505	\$5,299,208
Centers for Disease Control – Public Health Emergency Preparedness	DHMH	9,849,598	6,930,978
City Readiness Initiative	DHMH	1,466,065	1,322,332
Emergency Management Performance Grant	MEMA	6,304,949	3,026,375
State Homeland Security Grant Program	MEMA	4,438,106	3,550,484
Port Security Grant Program	NONE Direct Awards	1,037,897	0
Transit Security Grant Program	MTA	3,773,540	0
Urban Area Security Initiative	MEMA	4,116,111	3,856,111
Urban Area Security Initiative Nonprofit Security Grant Program	MEMA	311,691	302,340
Total		\$37,743,462	\$24,287,828

DHMH: Department of Health and Mental Hygiene
MEMA: Maryland Emergency Management Agency
MTA: Maryland Transit Administration

Source: Governor's Office of Homeland Security

In FFY 2012, \$24.3 million, or 64.3%, was passed through to local jurisdictions. The FFY 2012 pass-through to local jurisdictions reflects a 63.5% decrease from FFY 2009 and a 20.8% decrease from FFY 2011. **Exhibit 3** provides a breakdown of homeland security funding pass-through to local jurisdictions from fiscal 2009 through 2012. For many federal homeland security and preparedness grants, states are required to pass at least 80% of the award to local jurisdictions, so when Congress reduces total funding to grant programs, there is a greater impact at the local level.

Exhibit 3
Federal Homeland Security Grant Funding Pass-through
Federal Fiscal 2009-2012

<u>County</u>	<u>2009 Actual</u>	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>\$ Change 2011-2012</u>
Allegany	\$817,958	\$403,744	\$381,855	-\$21,889
City of Annapolis	1,107,097	773,336	482,433	-290,903
Anne Arundel	3,580,461	1,975,297	1,272,707	-702,590
Baltimore City	9,117,629	4,078,714	3,331,188	-747,526
Baltimore	4,793,463	1,932,603	1,736,772	-195,831
Baltimore Metropolitan Council	216,925	271,788	15,000	-256,788
Calvert	1,561,145	474,414	453,574	-20,840
Caroline	751,583	336,766	303,113	-33,653
Carroll	1,692,983	919,188	824,379	-94,809
Cecil	1,276,735	472,672	436,242	-36,430
Charles	1,331,785	535,320	507,516	-27,804
Dorchester	754,586	363,505	341,453	-22,052
Frederick	1,621,523	666,005	619,030	-46,975
Garrett	737,619	352,751	342,771	-9,980
Harford	5,467,725	2,556,274	1,299,654	-1,256,620
Howard	3,560,995	1,687,550	1,081,160	-606,390
Kent	958,016	357,098	336,677	-20,421
Montgomery	4,024,865	2,250,262	1,671,853	-578,409
Town of Ocean City	413,936	205,024	143,268	-61,756
Prince George's	4,838,505	1,724,008	1,528,639	-195,369
Queen Anne's	968,548	412,929	395,235	-17,694
St. Mary's	933,095	390,965	387,907	-3,058
Somerset	731,963	374,770	339,035	-35,735
Talbot	1,212,733	359,293	340,633	-18,660
Washington	1,422,744	505,271	463,543	-41,728
Wicomico	1,192,132	421,148	395,616	-25,532
Worcester	1,507,376	387,640	387,174	-466
Regional Allocations	9,900,342	5,467,783	4,469,399	-998,384
Total	\$66,494,467	\$30,656,118	\$24,287,826	-\$6,368,292

Note: Federal fiscal year (FFY) 2010 is not shown because the majority of grant programs remained unchanged from FFY 2009; only regional allocations decreased by \$145,001.

Source: Governor's Office of Homeland Security

As in previous years, the GOHS Grant Funding report submitted in 2012 identified numerous milestones, accomplishments, and progress made on the Governor's 12 core goals. The Maryland Statewide Communications Interoperability Project (700 MHz) made great strides, with the Maryland Transportation Authority becoming the first State agency user in October 2012; the Eastern Shore is anticipated to have nine counties connected to the system by calendar 2013, and the entire State should be connected by calendar 2016. A computer-aided dispatch and records management system is anticipated to improve the preservation and access of vital records; the Department of State Police will be the first users of the system, which is scheduled to go live in 2013. An Operational Situational Preparedness for Responding to Emergency (OSPRED) power outage map played a critical role during Hurricane Sandy by allowing the public to monitor power outages, find shelters, and identify flood zones. Because the U.S. Congress has not yet passed a FFY 2013 spending bill, it is not known whether Maryland will receive funds from a single National Preparedness Grant or from multiple Department of Homeland Security grant programs. Changes in federal homeland security grants may impact continuous progress on the 12 Goals of Homeland Security.

The department should comment on the expected impact of reduced federal homeland security funding in fiscal 2013 on State and local jurisdictions, particularly in regards to reaching the Governor's 12 Core Goals. The department should also describe how projects and programs initiated or expanded by increased federal funding will be sustained over time as funding is reduced. Finally, the department should also discuss any progress on addressing individuals with special needs, mass care, and resource management, being a few of the areas identified by the 2010 consultant's report *Phase II Assessment: Emergency Preparedness in the State of Maryland* in need of further improvement.

Current and Prior Year Budgets

Current and Prior Year Budgets

Executive Department – Governor

(\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2012					
Legislative Appropriation	\$10,346	\$0	\$0	\$139	\$10,485
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	93	0	0	0	93
Reversions and Cancellations	-63	0	0	-139	-202
Actual Expenditures	\$10,376	\$0	\$0	\$0	\$10,376
Fiscal 2013					
Legislative Appropriation	\$10,941	\$0	\$0	\$0	\$10,941
Budget Amendments	96	52	0	0	148
Working Appropriation	\$11,037	\$52	\$0	\$0	\$11,089

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

Fiscal 2012

In fiscal 2012, the total budget for the department decreased by \$109,000 from the legislative appropriation. The department received two general fund budget amendments totaling \$93,000 to allocate a \$750 bonus to employees of various State agencies and to realign funds for health insurance expenditures between State agencies. Additionally, there was a general fund reversion of \$63,000 of unspent funds and a reimbursable fund cancellation of \$139,000, which was intended to cover the payroll expenses of transferring the Governor's Energy Advisor into the Executive Department; the position was transferred during fiscal 2011 instead.

Fiscal 2013

The fiscal 2013 working appropriation of the department increased by \$147,000 over the legislative appropriation. The increase is due to a general fund budget amendment to transfer an Assistant Chief of Staff from the Governor's Office of Community Initiatives to the Executive Department (\$96,000) and a special fund budget amendment allocating COLAs (\$52,000).

Maryland's 12 Core Goals for Homeland Security Preparedness

1. Interoperable Communications Capabilities

Interoperable communications is the ability of public safety and service agencies to talk within and across entities and jurisdictions in real-time to prevent, protect against, respond to, and recover from major events. This initiative attempts to develop a continuous flow of critical information and enhance the multi-jurisdictional and multi-disciplinary public safety community during emergencies. First responders in every region will have access to a fully digital, trunked radio system which all response partners can access in order to transmit and receive voice data. First responders will also have a robust computer aided dispatch/records management system capable of coordinating dispatch data for response partners and transmitting data via regional computer aided dispatch systems as well as the State Emergency Operations Center.

2. Intelligence/Information Sharing and Collaboration Capabilities

This initiative intends to enhance the ability of law enforcement and other supporting disciplines to investigate, develop, and communicate intelligence over secure communications within the local, regional, State, and federal governments and expand communications to the private sector when needed. Law enforcement officers across the State will have the ability to transmit and receive law enforcement database information from the field and from regional and federal counterparts within every jurisdiction on a real-time basis.

3. Hazmat/Explosive Device Response

This initiative is designed to enhance Maryland's response to explosive devices. Under this initiative, every metropolitan region will have a Type I bomb response team. Additionally, there will be a sufficient number of statewide units to provide mutual aid response in any jurisdiction within a minimal amount of time. All of these teams will be trained for both fire and law enforcement response.

4. Personal Protective Equipment for First Responders

Under this initiative, all police officers, firefighters, and emergency medical providers in every metropolitan region will have ready and immediate access to personal protective equipment, including at a minimum, some form of emergency airway protection, access to more advanced breathing apparatus and protective suits, medications and antidotes against common weapons of mass destruction agents, and the training to use the equipment properly. All police officers, firefighters,

and emergency medical providers in rural regions will have ready and immediate access to personal protective equipment appropriate to all local hazards.

5. Biosurveillance

This initiative is designed to enhance Maryland's preparedness for bioterrorism and other health threats. Every jurisdiction in the State will have access to a real-time, 24/7 statewide biosurveillance system that incorporates a wide span of data, including symptoms that are manifesting in emergency rooms and to paramedics, over-the-counter sales of pharmaceuticals, and in metropolitan areas, sensor-based data, such as air monitoring for chemical and radiological releases.

6. Critical Infrastructure Protection

The goal of this initiative is to identify, prioritize, assess, and mitigate vulnerabilities in Maryland's infrastructure. Every region in Maryland will have a comprehensive all-hazards threat and vulnerability assessment in place and fully updated every three years, including an assessment and inventory of critical infrastructure in the region. Maryland will have a complete inventory of critical infrastructure; including assets controlled by the private sector and other potential targets, such as communities and populations of interest. This inventory will include a regularly updated assessment of specific vulnerabilities so as to identify any gaps where funds should be invested to address the most vulnerable and at-risk targets.

7. Training and Exercises

This initiative aims to continue the development and implementation of statewide exercise evaluation, training, and improvement planning capabilities, in order to strengthen Maryland's all-hazards preparedness. Every region in Maryland will have a fully funded program of annual training and preparedness exercises that address the most likely hazards and threats for that area, including drills with partner jurisdictions that often provide mutual aid. The program will include refresher training on specialized and personal protective equipment and exercise in core competency areas such as the use of interoperable communications equipment.

8. Closed Circuit Television Network

This initiative is designed to ensure that Maryland has a robust closed circuit television (CCTV) network to secure critical infrastructure such as power and water treatment plants and to provide the ability to monitor events in real-time via means such as highway cameras to aid in evacuation control, and patrol car, helicopter, and marine unit downlinks to aid in incident response. Images will be able to be transmitted via Internet protocol in order to be portable to and from key local and State facilities, such as emergency operations centers and mobile command posts.

9. Mass Casualty/Hospital Surge

Under this initiative, every region in Maryland will have the equipment, supplies, and training to respond to a mass casualty event or via close-at-hand mutual aid, including events requiring mass decontamination. Maryland will have pre-identified surge plans from area hospitals, public health, and emergency medical services (EMS) that identify likely gaps in resources; a statewide information system between hospitals, public health, and EMS; supply stockpiles; and emergency plans for alternate treatment, such as temporary field hospitals.

10. Planning

This initiative is designed to ensure that every region in Maryland has the capacity to develop plans that involve conducting no-notice and advance notice evacuations of its population, including special needs individuals, persons without transportation, as well as vulnerable facilities such as hospitals, nursing homes, and assisted living centers and, in conjunction with partners, access to the equipment and personnel and supplies to carry out these plans. Every region should have plans and the capacity to set up mass shelters, including accommodations for special needs populations and pets.

11. Backup Power and Communications

Every region in Maryland will have an inventory of pre-identified critical facilities, including privately owned facilities such as gas stations, and an up-to-date assessment of their backup power capabilities. The most critical facilities should receive permanent backup generators or be prewired for power from mobile units. A stockpile of publicly owned or an inventory of privately owned generators should be maintained. Every region will have a backup 9-1-1 system, whether it is an alternate facility or the means to roll calls over to a neighboring jurisdiction.

12. Transportation Security

Maryland's water ports, airports, train stations, subways, and rail lines should be fully hardened against attack with permanent physical countermeasures such as CCTV, lighting, and fencing. Each of these modes of transportation should receive regular and randomly assigned heightened attention from covert and overt patrols by local equipment needed to operate in unique environments, such as radios capable of operating underground and extended life breathing apparatus, and participate in annual on-scene exercises involving likely threat scenarios.

Audit Findings

Audit Period for Last Audit:	April 1, 2009 – December 31, 2011
Issue Date:	August 2012
Number of Findings:	2
Number of Repeat Findings:	2
% of Repeat Findings:	100%
Rating: (if applicable)	n/a

Finding 1: **Internal controls over collections were not sufficient to ensure that all collections were deposited.**

Finding 2: **Record keeping and physical inventory procedures were not in compliance with certain requirements.**

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

**Object/Fund Difference Report
Executive Department – Governor**

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 – 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	86.50	89.50	89.10	-0.40	-0.4%
02 Contractual	0.50	0.00	0.00	0.00	0.0%
Total Positions	87.00	89.50	89.10	-0.40	-0.4%
Objects					
01 Salaries and Wages	\$ 8,964,791	\$ 9,569,927	\$ 9,950,808	\$ 380,881	4.0%
02 Technical and Spec. Fees	30,718	20,000	20,000	0	0%
03 Communication	251,806	279,083	295,021	15,938	5.7%
04 Travel	110,042	86,000	86,000	0	0%
07 Motor Vehicles	113,790	72,020	25,020	-47,000	-65.3%
08 Contractual Services	342,607	449,978	394,724	-55,254	-12.3%
09 Supplies and Materials	160,220	185,600	171,000	-14,600	-7.9%
10 Equipment – Replacement	32,193	90,000	130,141	40,141	44.6%
11 Equipment – Additional	62,086	5,000	5,000	0	0%
13 Fixed Charges	307,394	330,227	315,650	-14,577	-4.4%
Total Objects	\$ 10,375,647	\$ 11,087,835	\$ 11,393,364	\$ 305,529	2.8%
Funds					
01 General Fund	\$ 10,375,647	\$ 11,036,228	\$ 11,393,364	\$ 357,136	3.2%
03 Special Fund	0	51,607	0	-51,607	-100.0%
Total Funds	\$ 10,375,647	\$ 11,087,835	\$ 11,393,364	\$ 305,529	2.8%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.