

D15A05
Executive Department – Boards, Commissions, and Offices

Operating Budget Data

(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$5,401	\$5,546	\$5,860	\$314	5.7%
Contingent & Back of Bill Reductions	0	0	-6	-6	
Adjusted General Fund	\$5,401	\$5,546	\$5,854	\$308	5.5%
Special Fund	538	622	610	-12	-1.9%
Adjusted Special Fund	\$538	\$622	\$610	-\$12	-1.9%
Federal Fund	4,806	5,538	3,817	-1,721	-31.1%
Adjusted Federal Fund	\$4,806	\$5,538	\$3,816	-\$1,722	-31.1%
Reimbursable Fund	522	577	529	-49	-8.4%
Adjusted Reimbursable Fund	\$522	\$577	\$529	-\$49	-8.4%
Adjusted Grand Total	\$11,267	\$12,284	\$10,809	-\$1,475	-12.0%

- The Governor’s proposed budget includes four deficiency appropriations totaling \$158,876. The funds are for (1) leave payments for the Office of Minority Affairs (OMA); (2) conducting a study of the Maryland State Retirement and Pension System pursuant to Chapter 577 and 578 of 2012; (3) leave payments for the Governor’s Office of Community Initiatives (GOCI); and (4) covering staff salaries and leave payouts for the State Labor Relations Board (SLRB).
- The fiscal 2014 allowance decreases by \$1.5 million compared with fiscal 2013 working appropriation. The change is primarily a result of a decrease in federal funds, of which the majority, or \$1.6 million, of the decrease was for grant programs.
- General funds increase by \$308,000, or 5.5%, net of a \$6,000 across-the-board reduction to health insurance.
- Federal funds decrease by \$1.7 million, or 31.1%, net of a \$464 across-the-board reduction to health insurance.

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	57.70	57.10	57.10	0.00
Contractual FTEs	<u>3.00</u>	<u>4.00</u>	<u>3.00</u>	<u>-1.00</u>
Total Personnel	60.70	61.10	60.10	-1.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.39	0.69%
Positions and Percentage Vacant as of 12/31/12	1.80	3.15%

- The number of regular positions is unchanged, but contractual full-time equivalents decrease by 1.0 in the fiscal 2014 allowance, compared with the fiscal 2013 working appropriation. The decrease is the result of the elimination of two 0.5 contractual positions in GOCL.
- The agency’s vacancy rate is currently 3.15%. The turnover rate is 0.69%.

Analysis in Brief

Major Trends

Participation at Office of Minority Affairs Events Decreases: 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. In fiscal 2009, there were 1,600 MBE participants at OMA events; by fiscal 2011, the number had increased to 9,200. Fiscal 2012 shows a decrease to 8,800 participants.

Number of GOCI Events Decreases: Serving as the State’s primary liaison to nonprofit and local community organizations, GOCI oversees the Governor’s Office on Service and Volunteerism and also houses culturally focused bodies. To support various cultural communities throughout the State, GOCI holds ethnic and cultural community events. The number of events decreased by 19.8% in fiscal 2012, due to reallocation of resources and cost containment efforts.

Amount of Ethics Training Decreases: 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 and lobbyists who received ethics training decreased to 1,829 in fiscal 2012, a 46.2% drop from fiscal 2011. A significant increase occurred in fiscal 2011 when the electronic training system allowed a backlog of employees to receive training, which accounts for the seemingly large decrease in fiscal 2012.

Federal Grant Funding Decreases: 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 2009 and 2011, federal funding increased 25.3% to \$9.9 billion; the increase is largely due to the American Recovery and Reinvestment Act of 2009 (ARRA) funding. Fiscal 2012 shows a \$7 million reduction in federal funding due to the expiration of ARRA funding.

Recommended Actions

	<u>Funds</u>
1. Reduce funding for State Labor Relations Board by \$36,000.	\$ 36,000
Total Reductions	\$ 36,000

D15A05 – Executive Department – Boards, Commissions, and Offices

D15A05
Executive Department – Boards, Commissions, and Offices

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; the 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 (SLRB). 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**.

1. Participation at Office of Minority Affairs Events Decreases

OMA oversees programs with the goal of improving Minority Business Enterprise (MBE) participation in State contracts, especially with the Maryland Department of Transportation (MDOT). 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 9,200. The office attributes this increase to OMA outreach events and activities related to the Base Realignment and Closure (BRAC). However, in fiscal 2012 there were only 8,800 participants at OMA events, a decrease of 400 participants; the agency says the decrease is because OMA hosted one less MBE University Conference.

OMA has a minority participation goal of 25.0% for MBE certified firms and 23.0 to 26.0% for Disadvantaged Business Enterprise certified firms for MDOT projects. As of fiscal 2011, Maryland had achieved 23.8% MBE participation across State procurement agencies overall, the highest level attained during the history of the program.

Exhibit 1
**Program Measurement Data for the Office of Minority Affairs, the Office of
Community Initiatives, and the State Ethics Commission**
Fiscal 2010-2014

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Est. 2013</u>	<u>Est. 2014</u>	<u>Annual Change 2012-14</u>
Office of Minority Affairs						
MBE participants at events	3,855	9,200	8,800	9,000	9,250	2.5%
Responses to MBE requests for assistance	1,348	728	801	850	975	10.3%
Office of Community Initiatives						
Total funds granted to community-based organizations	\$4,262,913	\$4,707,732	\$4,107,342	\$2,940,791	\$3,340,791	-9.8%
AmeriCorps members	1,952	2,080	1,000	1,000	1,000	0.0%
AmeriCorps and Volunteer Maryland volunteers	22,294	37,328	23,618	25,000	25,000	2.9%
Hours contributed to State Ethnic and cultural community events	73,423	89,873	40,976	60,000	60,000	21.0%
Visitors to Banneker- Douglass Museum	671	576	462	496	530	7.1%
17,451	18,900	19,500	20,200	21,500	5.0%	
State Ethics Commission						
State officials and lobbyists receiving training	1,884	3,402	1,829	1,640	1,565	-7.5%
Formal legal complaints issued	60	171	83	70	70	-8.2%
Local governments receiving ethics ordinance assistance	15	24	145	50	50	-41.3%

MBE: Minority Business Enterprise

Source: Executive Department Managing for Results

2. Number of GOCI 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 funds granted to community-based organizations totaled \$4,107,342 in fiscal 2012, a decrease of \$600,000 from fiscal 2011. The number of volunteers recruited was 23,618 in fiscal 2012, and together they donated 40,976 hours of community service to the State; this reflects a decrease of 13,710 volunteers and 48,897 donated hours. AmeriCorps and Volunteer Maryland volunteers were predicted to decrease significantly in fiscal 2012 and 2013 due to the expiration of the American Recovery and Reinvestment Act of 2009 (ARRA) funds that allowed GOCI to expand its service initiatives.

To support various cultural communities throughout the State, GOCI holds ethnic and cultural community events. The number of events decreased by 19.8% from fiscal 2011, due to reallocation of resources and cost containment efforts. GOCI has added an additional commission, the Governor’s Commission on Caribbean Affairs, which was created by executive order in 2012 and held its first meeting in fiscal 2013. The number of visitors to the Banneker-Douglass Museum in Annapolis increased in fiscal 2012 to 19,500. GOCI estimated that the museum would have 20,000 visitors in fiscal 2010; new estimates show the museum will not achieve this level of attendance until fiscal 2013.

3. Amount of Ethics Training Decreases

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 and lobbyists who received ethics training in fiscal 2012 decreased 46.2% from fiscal 2011 to a total of 1,829. Fiscal 2011 showed a significant increase when the electronic training system allowed a backlog of employees to receive training, which most likely accounts for the seemingly large decline in fiscal 2012.

The number of formal legal complaints issued decreased by 88 in fiscal 2012; this is also due to a bump in fiscal 2011 when 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.

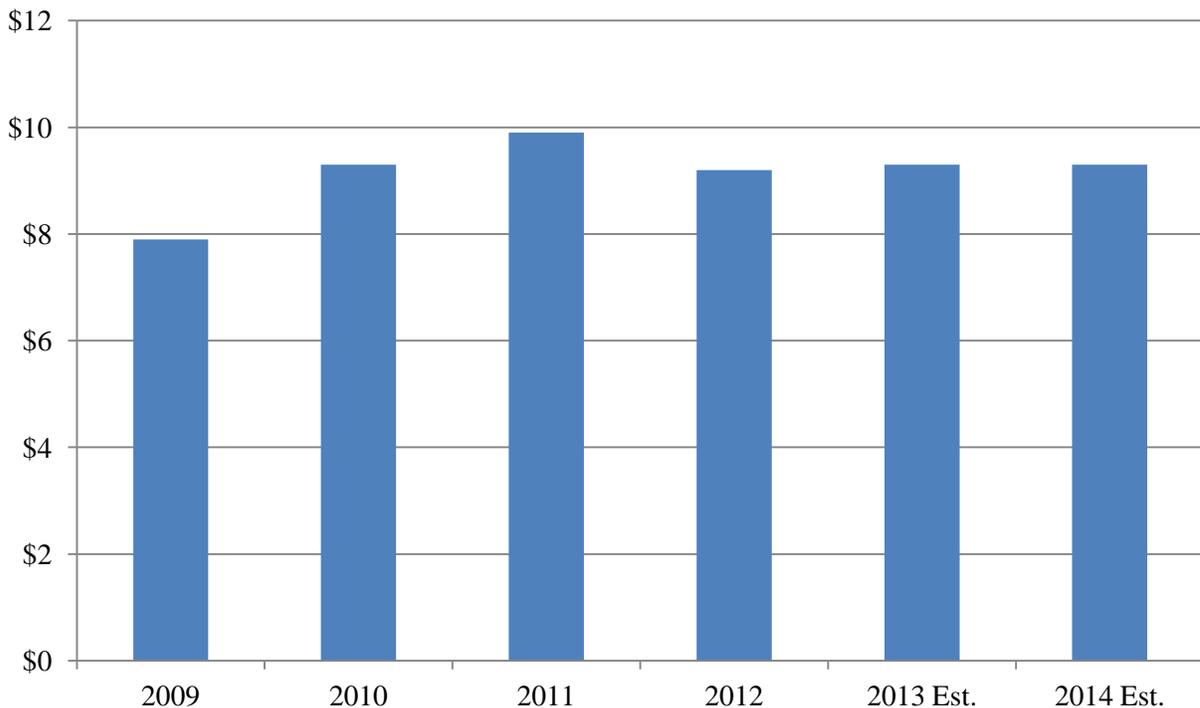
Chapter 277 of 2010 specified that county and municipal ethics requirements must be at least as stringent as State requirements. In response to these new requirements, the commission received

24 requests for assistance from local governments in fiscal 2011 wanting to know what would be needed to comply. In fiscal 2012, the commission received 145 requests still in response to the requirement change.

4. Federal Grant Funding Decreases

The Governor’s Grants Office helps Maryland meet its funding needs by promoting the increase of federal funds into the State. **Exhibit 2** shows the amount of federal funds received since fiscal 2009. From fiscal 2009 to 2011, federal funding increased 25.3% to \$9.9 billion; the increase is largely due to ARRA funding. Fiscal 2012 shows a \$7 million reduction in federal funding due to the expiration of ARRA funding.

Exhibit 2
Governor’s Grants Office
Federal Grant Dollars Received by State
Fiscal 2009-2014
(\$ in Billions)



Source: Governor’s Budget Books, Fiscal 2011-2014

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.

Fiscal 2013 Actions

Proposed Deficiency

The Governor's allowance includes four fiscal 2013 deficiency appropriations totaling \$158,876. OMA requires two deficiency appropriations in the amounts of \$40,000 to conduct a study of the Maryland State Retirement and Pension System, per Chapter 577 and 578 of 2012, and \$96,876 to cover leave payouts for departing staff. A third deficiency appropriation in the amount of \$6,000 will be used by GOCI for leave payouts. Finally, in fiscal 2013, SLRB requires additional funds of \$16,000 to cover costs associated with leave payouts and staff salaries.

Abolished Positions

Section 25 of Chapter 1 of the First Special Session of 2012 (the Budget Reconciliation and Financing Act) required the Governor to abolish at least 100 vacant positions as of January 1, 2013, saving at least \$6.0 million in general funds. This agency's share of the reduction was \$19,723.

Proposed Budget

Exhibit 3 shows that spending within boards, commissions, and offices decreases by \$1.5 million in the allowance compared to the fiscal 2013 working appropriation. General funds increase by \$308,000; special funds decrease by \$12,000; and reimbursable funds decrease by \$49,000. Federal funds account for the majority of the decrease with a \$1.7 million drop. Personnel costs increase by \$165,000 in fiscal 2014, the primary driver being retirement.

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

How Much It Grows:	<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>
2013 Working Appropriation	\$5,546	\$622	\$5,538	\$577	\$12,284
2014 Allowance	<u>5,860</u>	<u>610</u>	<u>3,817</u>	<u>529</u>	<u>10,816</u>
Amount Change	\$314	-\$12	-\$1,721	-\$49	-\$1,468
Percent Change	5.7%	-1.9%	-31.1%	-8.4%	-12.0%
 Contingent Reduction	 -\$6	 0	 \$0	 0	 -\$7
Adjusted Change	\$308	-\$12	-\$1,722	-\$49	-\$1,475
Adjusted Percent Change	5.5%	-1.9%	-31.1%	-8.4%	-12.0%
 Where It Goes:					
Personnel Expenses					
Increments and other compensation.....					-\$32
Employee and retiree health insurance, adjusted for across-the-board reduction.....					23
Employee retirement					106
Reclassification					27
Annualization of the fiscal 2013 cost-of-living adjustment					45
Other fringe benefit adjustments.....					-4
Grants					
Grants not renewed for the Governor’s Office of Community Initiatives (GOCI).....					-376
AmeriCorps funding					-1,413
Other grants.....					213
Other Changes					
Elimination of 2 contractual positions in GOCI					-50
Electricity.....					-23
Other changes.....					9
Total					-\$1,475

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

Personnel Changes

Personnel costs increase by \$165,000 in fiscal 2014. The annualization of the fiscal 2013 2.0% cost-of-living adjustment (COLA) adds \$45,000. Regular earnings decrease by \$32,000. Health insurance increases by \$23,000, net of a \$6,000 across-the-board reduction. The primary driver of personnel costs is retirement, which contributes \$106,000 to the increase. 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.

Federal Grant Funding Decrease in Fiscal 2014

Federal funds were predicted to decrease significantly in fiscal 2012 and onward due to the expiration of ARRA funds, which allowed GOCI to expand its service initiatives. The AmeriCorps grant reflects the expiration of the ARRA with a decrease of \$1.4 million. Several other federal grants were not renewed, including Planning and Program Development Grants, Training and Technical Assistance, and the Volunteer Generation Fund; elimination of these grants contributed \$376,000 to the overall decrease. **The agency should discuss the impact these fund decreases will have on agency operations and performance.**

Recommended Actions

	<u>Amount Reduction</u>	
1. Reduce funding for the State Labor Relations Board by \$36,000. This action funds the costs associated with Chapter 582 of 2012 changes to collective bargaining to the funding level recommended by the fiscal and policy note.	\$ 36,000	GF
Total General Fund Reductions	\$ 36,000	

Current and Prior Year Budgets

Current and Prior Year Budgets Executive Department – Boards, Commissions, and Offices (\$ 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	\$5,165	\$592	\$5,504	\$671	\$11,932
Deficiency Appropriation	144	0	0	0	144
Budget Amendments	99	25	11	0	135
Reversions and Cancellations	-8	-79	-709	-149	-945
Actual Expenditures	\$5,400	\$538	\$4,806	\$522	\$11,266
Fiscal 2013					
Legislative Appropriation	\$5,542	\$581	\$5,535	\$572	\$12,230
Budget Amendments	4	41	3	5	53
Working Appropriation	\$5,546	\$622	\$5,538	\$577	\$12,283

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

Fiscal 2012

The fiscal 2012 general fund expenditures totaled \$5.4 million. This amount increased by \$235,000 from the legislative appropriation due to three deficiency appropriations totaling \$144,000, five budget amendments totaling \$99,000, and \$8,000 in unspent funds. The bulk of the increase came from three deficiency appropriations:

- \$66,000 for OMA to monitor compliance with State MBE requirements at two video lottery terminal sites;
- \$40,000 for GOCI to hire a sign language interpreter and cover leave payouts; and
- \$38,000 for the State Ethics Commission to cover leave payouts.

Five budget amendments totaling \$99,000 included (1) shifts from other agencies and between units of the Governor’s Office to satisfy obligations and health disbursements; and (2) allocation of funds for a \$750 bonus to various State agencies.

The special fund appropriation increased by \$25,000 due to collection of filing fees from lobbyists required to register with the State Ethics Commission. Approximately \$79,000 in special funds was cancelled due to less than anticipated costs for Volunteer Maryland, the Health Care Alternative Dispute Resolution Office, and the Governor’s Grant Office.

The federal fund appropriation decreased by a net \$698,000 largely due to a cancellation of AmeriCorps funds due to timing differences for payment and a slight overestimation of available federal funds. A budget amendment allocated \$11,000 in federal funds for the \$750 bonus to various State agencies.

The reimbursable fund appropriation decreased by \$149,000 due to the cancellation of unexpended funds. Approximately half of this cost (\$76,000) is from the expiration of an agreement between OMA and the Department of Business and Economic Development for a contractual position involved in BRAC activities. The remainder of the cancellation was from cost savings by Volunteer Maryland (\$57,000) and lower than expected program costs within the Governor’s Grants Office and SLRB.

Fiscal 2013

The total appropriation increased by \$53,000 from the legislative appropriation. Two general fund budget amendments resulted in a net increase of \$4,000. The first amendment decreased general funds by \$96,000 due to a position transfer from GOCI to the Executive Department, and the second amendment brought in \$100,000 from the Board of Public Works Contingent Fund for the implementation of Chapter 582 of 2012, which expanded the applicability of the State’s collective bargaining law to include employees of the Office of the Comptroller, the Maryland Transportation

D15A05 – Executive Department – Boards, Commissions, and Offices

Authority who are not police officers, the State Retirement Agency, and the Maryland State Department of Education. Two special fund budget amendments increased the appropriation by \$41,000 due to COLAs and additional registration fees collected by the Governor’s Grant Office at the Grant Conference, which will help cover conference expenses. A federal fund budget amendment increased the appropriation by \$3,000 for COLAs. Finally, the reimbursable fund increased by \$5,000 also due to additional registration fees collected by the Governor’s Grant Office at the Grant Conference.

Audit Findings

Audit Period for Last Audit:	April 1, 2009 – December 31, 2011
Issue Date:	August 2012
Number of Findings:	1
Number of Repeat Findings:	1
% 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.

*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 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	57.70	57.10	57.10	0.00	0.0%
02 Contractual	3.00	4.00	3.00	-1.00	-25.0%
Total Positions	60.70	61.10	60.10	-1.00	-1.6%
Objects					
01 Salaries and Wages	\$ 5,045,835	\$ 5,139,692	\$ 5,311,237	\$ 171,545	3.3%
02 Technical and Spec. Fees	839,333	968,587	919,144	-49,443	-5.1%
03 Communication	96,812	112,774	113,306	532	0.5%
04 Travel	92,403	63,001	60,125	-2,876	-4.6%
06 Fuel and Utilities	63,656	95,600	73,620	-21,980	-23.0%
07 Motor Vehicles	20,829	19,620	20,996	1,376	7.0%
08 Contractual Services	467,349	589,908	598,046	8,138	1.4%
09 Supplies and Materials	40,640	51,836	37,898	-13,938	-26.9%
10 Equipment – Replacement	17,465	19,800	32,910	13,110	66.2%
11 Equipment – Additional	8,626	4,440	2,090	-2,350	-52.9%
12 Grants, Subsidies, and Contributions	4,390,488	5,015,817	3,439,654	-1,576,163	-31.4%
13 Fixed Charges	183,921	202,714	206,569	3,855	1.9%
Total Objects	\$ 11,267,357	\$ 12,283,789	\$ 10,815,595	-\$ 1,468,194	-12.0%
Funds					
01 General Fund	\$ 5,400,710	\$ 5,545,987	\$ 5,859,775	\$ 313,788	5.7%
03 Special Fund	538,134	622,269	610,273	-11,996	-1.9%
05 Federal Fund	4,806,205	5,538,271	3,816,833	-1,721,438	-31.1%
09 Reimbursable Fund	522,308	577,262	528,714	-48,548	-8.4%
Total Funds	\$ 11,267,357	\$ 12,283,789	\$ 10,815,595	-\$ 1,468,194	-12.0%

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

Fiscal Summary
Executive Department – Boards, Commissions, and Offices

<u>Program/Unit</u>	<u>FY 12 Actual</u>	<u>FY 13 Wrk Approp</u>	<u>FY 14 Allowance</u>	<u>Change</u>	<u>FY 13 - FY 14 % Change</u>
01 Survey Commissions	\$ 106,610	\$ 103,000	\$ 110,000	\$ 7,000	6.8%
03 Office of Minority Affairs	1,252,459	1,319,089	1,361,987	42,898	3.3%
05 Governor’s Office of Community Initiatives	7,470,799	8,222,767	6,599,301	-1,623,466	-19.7%
06 State Ethics Commission	1,050,120	1,083,946	1,107,770	23,824	2.2%
07 Health Care Alternative Dispute Resolution Office	361,560	395,917	397,235	1,318	0.3%
20 State Commission on Criminal Sentencing Policy	342,951	352,249	360,000	7,751	2.2%
22 Governor’s Grants Office	399,848	405,545	437,926	32,381	8.0%
23 State Labor Relations Board	283,010	401,276	441,376	40,100	10.0%
Total Expenditures	\$ 11,267,357	\$ 12,283,789	\$ 10,815,595	-\$ 1,468,194	-12.0%
General Fund	\$ 5,400,710	\$ 5,545,987	\$ 5,859,775	\$ 313,788	5.7%
Special Fund	538,134	622,269	610,273	-11,996	-1.9%
Federal Fund	4,806,205	5,538,271	3,816,833	-1,721,438	-31.1%
Total Appropriations	\$ 10,745,049	\$ 11,706,527	\$ 10,286,881	-\$ 1,419,646	-12.1%
Reimbursable Fund	\$ 522,308	\$ 577,262	\$ 528,714	-\$ 48,548	-8.4%
Total Funds	\$ 11,267,357	\$ 12,283,789	\$ 10,815,595	-\$ 1,468,194	-12.0%

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