H00
Department of General Services

Operating Budget Data

($ in Thousands)

	FY 17 Actual	FY 18 Working	FY 19 Allowance	FY 18-19 Change	% Change Prior Year
General Fund	$69,854	$67,390	$66,180	-$1,210	-1.8%
Adjustments	0	-1,100	279	1,380	
Adjusted General Fund	**$69,854**	**$66,290**	**$66,459**	**$170**	**0.3%**
Special Fund	4,148	3,952	4,470	518	13.1%
Adjustments	0	-35	12	47	
Adjusted Special Fund	**$4,148**	**$3,916**	**$4,482**	**$566**	**14.4%**
Federal Fund	661	1,334	1,336	2	0.1%
Adjustments	0	-46	5	50	
Adjusted Federal Fund	**$661**	**$1,288**	**$1,340**	**$52**	**4.0%**
Reimbursable Fund	24,880	28,436	29,355	918	3.2%
Adjustments	0	0	82	82	
Adjusted Reimbursable Fund	**$24,880**	**$28,436**	**$29,437**	**$1,001**	**3.5%**
Adjusted Grand Total	**$99,543**	**$99,931**	**$101,719**	**$1,788**	**1.8%**

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The budget bill includes a deficiency withdrawing $656,246 due to electricity savings in fiscal 2018.
- The Department of General Services' (DGS) allowance totals $101.8 million, which is $1.8 million (1.8%) more than fiscal 2018.
- Spending is adjusted to reflect reductions the health insurance costs (approximately $525,000) in fiscal 2018 and the general salary increase ($379,000) in fiscal 2019.

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

For further information contact: Patrick S. Frank Phone: (410) 946-5530

Personnel Data

	FY 17 Actual	FY 18 Working	FY 19 Allowance	FY 18-19 Change
Regular Positions	581.00	581.00	581.00	0.00
Contractual FTEs	21.77	22.93	22.93	0.00
Total Personnel	**602.77**	**603.93**	**603.93**	**0.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	28.02	4.84%
Positions and Percentage Vacant as of 12/31/17	74.50	12.82%

- There is no change in the number of regular positions from fiscal 2017 to 2019.
- Additional funds are provided to DGS so that the turnover expectancy can be reduced from 6.1% to 4.8%.

Analysis in Brief

Major Trends

Energy Consumption: Progress Toward Reduction Goal Has Been Uneven: Chapter 131 of 2008 sets a goal that the State reduce its energy consumption by 15%. Energy consumption declined consistently from fiscal 2010 to 2013. Usage increased in fiscal 2014 and 2015. To date, the State has not achieved the 15% reduction goal. **The department should be prepared to brief the committees on the factors that influence energy consumption and address these factors to achieve the State goal to reduce State energy consumption by 15% of the fiscal 2008 baseline.**

Minority Business Enterprise Participation: The State has a Minority Business Enterprise (MBE) program to increase procurement opportunities for minority- and women-owned businesses. The State goal is that 29% of procurements are awarded to MBE-certified organizations. The State has not achieved that goal. In 2016, legislation that removed nonprofits and preferred providers from the MBE program was enacted. **DGS should be prepared to comment on the department's plans to achieve the State's MBE participation goal and whether the 29% target is attainable in light of the removal of nonprofit organizations from MBE certification.**

Facility Operations Performance Data Has Been Discontinued: DGS has prepared customer satisfaction surveys that measure the quality of services at DGS-managed State facilities. Fiscal 2016 was the last year in which this data was tracked. Insofar as the unit with the most employees and largest budget is Facilities Operation and Maintenance, it is reasonable that the department track, maintain, and publish performance data. **DGS should be prepared to brief the committees on its plans to provide performance data for Facilities Operations and Maintenance.**

Procurement's Efficiency Objectives Met in Recent Years: The Office of Procurement and Logistics is the control agency for commodity and construction-related contracts. DGS' objective is that 80% of procurements are completed on time and on budget. DGS has been meeting these goals since fiscal 2016 and anticipates that these goals will be met in 2018 and 2019. The legislation enacted in 2017 consolidates much of State procurement into DGS. The law also increases the threshold for small procurements. This will increase DGS' workload and could affect how efficiently procurements are processed. Managing for Results (MFR) data should provide some insights into how well the State procurement consolidation is being implemented.

Issues

Staffing Trends at the Department of General Services: This issue examines staffing trends at DGS such as changes in the number of positions, vacancy rates, State and local salaries, and the use of contactors. DGS has lost a substantial number of positions since fiscal 2002. Often reductions were made by abolishing vacant positions. Staffing decisions were not necessarily made by analyzing needs and costs. **The Department of Legislative Services (DLS) recommends that the committees adopt committee narrative requiring DGS to examine staffing at Facilities Operations and Maintenance. Issues to evaluate are the use of vendors for routine tasks, when using vendors is more cost effective**

than hiring State employees, a review of strategies to reduce high turnover rates among State employees, and a comparison of State and non-State salaries.

Facility Maintenance Resource and Funding Issues: The department is required to establish and supervise a comprehensive and continuing program of maintenance and repair of all public improvements. DGS' maintenance of State facilities efforts include both "critical maintenance" funded through the operating budget and "facilities renewal" funded through the capital budget. The State regularly scales back facility maintenance funding in years in which there are budget shortfalls. **So that DGS can prepare a comprehensive review of facilities maintenance needs, DLS recommends that DGS receive additional staff and funding. This should provide the department with more accurate and comprehensive data about facilities maintenance needs and reduce the strain on State agencies that are tasked with monitoring their facilities. DLS recommends adoption of a Budget Reconciliation and Financing Act provision to establish a nonlapsing, dedicated fund for critical maintenance projects. DLS recommends that the department develop MFR goals, objectives, and performance measures for facilities maintenance. This would formalize the data collection process and provide transparency.**

Legislation Consolidates State Procurement: Since 2012, the State's procurement system has been analyzed by the Board of Public Works (BPW), DLS, and the Governor's Commission to Modernize State Procurement. Each of these analyses has independently concluded that the structure and operation of the State's procurement system does not reflect best practices, and made recommendations to enhance both the efficiency and transparency of State purchasing decisions. During the 2017 session, the General Assembly enacted legislation to address many of the procurement system's identified deficiencies. **DGS should be prepared to brief the committees on procurement reform legislation, as well as the status of DGS' efforts to be prepared for law changes on October 1, 2019.** The department is required to regularly audit small procurements delegated to agencies. A State audit found that DGS is not preparing these audits. DGS has cited staffing shortages. **DLS recommends that DGS be given additional staff so that it can conduct small procurement audits, consistent with DGS procedures.**

eMaryland Marketplace Procurement: In July 2017, BPW approved the contract to the vendor that provides DGS' procurement software. Since then, the Joint Audit Committee requested that the Office of Legislative Audits (OLA) review the eMaryland Marketplace procurement. OLA advises that the audit should be ready by the end of February 2018. **The department should be prepared to discuss its procurement system. DGS should also brief the committees on any plans to review and rebid procurement systems.**

Operating Budget Recommended Actions

1. Adopt narrative requiring the department to examine Facilities Operations and Maintenance to determine how to most effectively and efficiently to provide services.

2. Adopt narrative for a report on critical maintenance and facilities renewal.

3. Add language reducing fiscal 2018 appropriations to delete deferred fiscal 2017 surplus property revenues and real estate brokerage fees that should have been reverted to the General Fund.

Budget Reconciliation and Financing Act Recommended Actions

1. The Department of Legislative Services recommends that the Budget Reconciliation and Financing Act establish a nonlapsing fund for critical maintenance projects.

Operating Budget Analysis

Program Description

The Department of General Services (DGS) provides an array of services for State agencies. DGS' primary function is to serve as a landlord. The department also administers a grant program and is a procurement control agency. Specific agencies and offices include:

- **Executive Direction:** responsible for leadership and coordination of programs and activities;

- **Administration:** provides personnel, fiscal, and information technology support for the department;

- **Facilities Operations and Maintenance:** supports the operation and maintenance of over 50 State-owned facilities, including District Courts and multiservice centers. These services are provided through a combination of State positions and private contractors;

- **Facilities Security:** provides facility security and law enforcement services. Security is provided through a combination of State employees and private contractors. The Maryland Capital Police (MCP) has sworn officers who provide law enforcement services and coordinate with other law enforcement agencies;

- **Energy Performance and Conservation:** manages energy procurement and consumption;

- **Facilities Planning, Design, and Construction:** serves as the State's construction manager. The office provides architectural, engineering, and construction inspection services for projects at State facilities. The office also reviews the design of Community College and Public School Construction Programs;

- **Real Estate Management:** acquires and disposes real property interests through its three programs: Lease Management and Procurement, Land Acquisition and Disposal, and Valuation and Appraisal;

- **Capital Grants:** reviews capital grants approved for nonprofits, local governments, private colleges, hospitals, and detention centers; and

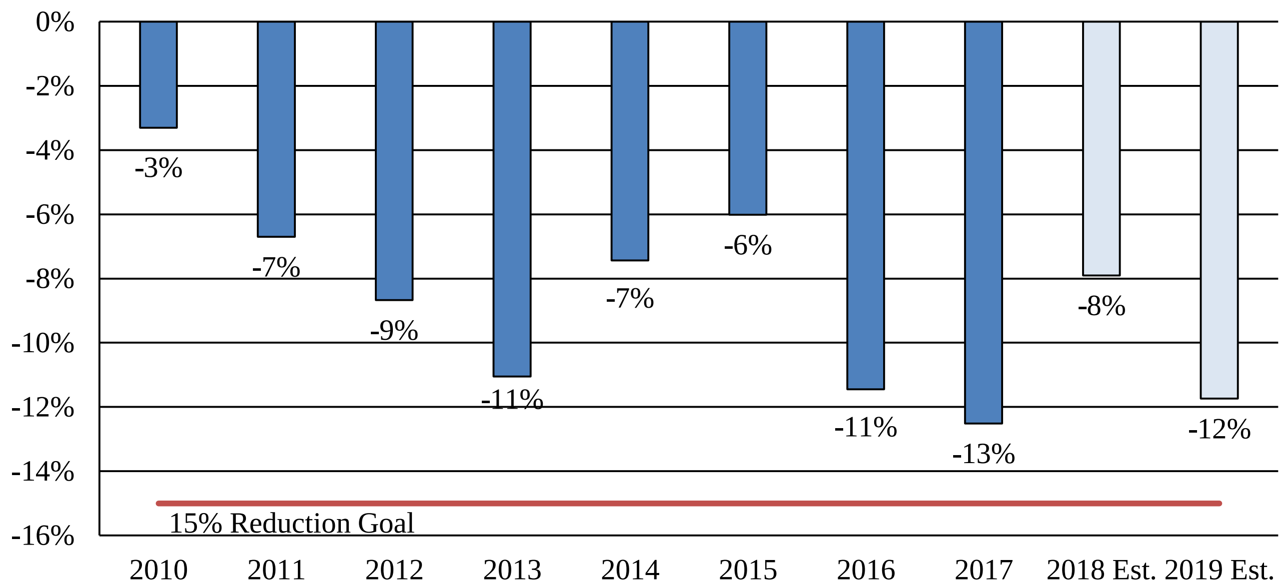
- **Procurement and Logistics:** serves as the control agency for the procurement of commodities, as well as architectural and engineering services. The office includes the Inventory Management and Support Services Division, which determines and manages property disposition (excluding vehicles) for State agencies. Records management services are also provided. Legislation expanding DGS' procurement role is discussed in the updates later in this analysis.

Performance Analysis: Managing for Results

1. Energy Consumption: Progress Toward Reduction Goal Has Been Uneven

The Office of Energy Performance and Conservation is responsible for implementing part of the EmPOWER Maryland initiative. This initiative, established by Chapter 131 of 2008, sets forth the goal to reduce State government consumption by 15% in fiscal 2015. The baseline for this goal is fiscal 2008. **Exhibit 1** shows that energy consumption declined consistently from fiscal 2010 to 2013. Usage increased in fiscal 2014 and 2015. To date, the State has not achieved the 15% reduction goal. At best, consumption was reduced almost 13% in fiscal 2017.

Exhibit 1
Energy Consumption Reduction Compared to 2008 Baseline
Fiscal 2010-2019 Est.



Source: Department of Budget and Management

A key use of energy is to warm facilities in the winter, as cold winters increase energy consumption. While this influences energy use, changes in temperatures do not entirely explain differences in energy usage. The National Oceanic and Atmospheric Administration (NOAA) records mean temperatures in Maryland. According to NOAA, the warmest winter was in 2012, with a mean temperature of 40 degrees. Mean temperatures dropped to approximately 37 degrees in 2013 and 33 degrees in fiscal 2014. In other words, the State reduced energy consumption in fiscal 2013, in spite of a colder winter.

Other influences on energy consumption are the number of facilities maintained and the quality of the energy infrastructure. The department advises that the demand for energy has increased as universities have added facilities and square feet. With respect to infrastructure, DGS notes that the "degraded condition of heating and cooling systems in many State facilities, due to the age and lack of adequate maintenance" limits reductions in energy consumption.

The department should be prepared to brief the committees on the factors that influence energy consumption and address these factors to achieve the State goal to reduce State energy consumption by 15% of the fiscal 2008 baseline.

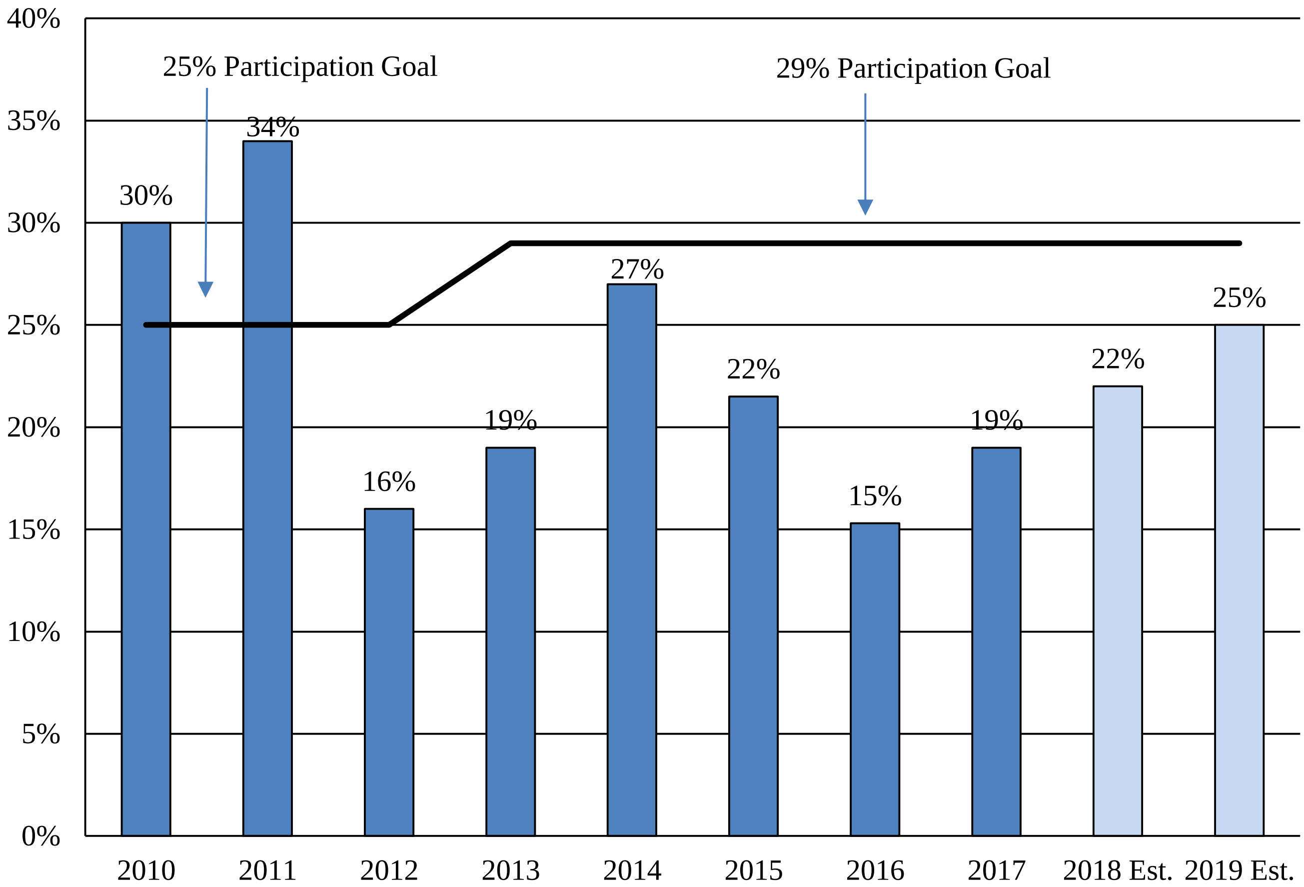
2. Minority Business Enterprise Participation

The State has a Minority Business Enterprise (MBE) program to increase procurement opportunities for minority- and women-owned businesses. The Governor's Office of Small, Minority, and Women Business Affairs has set the goal that 29% of prime and subcontract awards go to MBE-qualified businesses.

In fiscal 2017, DGS awarded $196 million in contracts, of which $37 million were awarded to MBE businesses. **Exhibit 2** shows that MBE participation was 19% in fiscal 2017. This continues a trend in which every year since fiscal 2011 has been below the MBE target. A factor that led to the decline in fiscal 2016 was legislation that removed nonprofits and preferred providers from the MBE program. To improve MBE participation rates, DGS advises that the Office of Business Programs undertake vendor outreach activities through partnerships with procurement-related agencies and marketing events.

DGS should be prepared to comment on the department's plans to achieve the State's MBE participation goal and whether the 29% target is attainable in light of the removal of nonprofit organizations from MBE certification.

Exhibit 2
MBE Participation as a Percent of Total Procurement Spending
Fiscal 2010-2019 Est.



Source: Department of Budget and Management

3. Facility Operations Performance Data Has Been Discontinued

DGS has prepared customer satisfaction surveys that measure the quality of services at DGS-managed State facilities. **Exhibit 3** shows that there is some dissatisfaction with State facilities. Satisfaction seemed to be highest in fiscal 2013 and has generally declined in recent years. One concern about this data is that there were substantially fewer surveys in fiscal 2016 and that the data leads to conflicting interpretations. In fiscal 2016, satisfaction with bathroom cleanliness declines from 70% to 55%, while overall service level satisfaction increases from 83% to 93%. This inconsistency may be attributable to the small number of surveys.

Exhibit 3
Department of General Services Facilities Satisfaction Surveys
Fiscal 2013-2016

	2013	2014	2015	2016
Number of Surveys Issued	220	120	144	25
Response Rate	83%	60%	73%	76%
Percent of Customers Satisfied with Cleanliness of Restrooms	80%	75%	70%	55%
Percent of Customers Satisfied with Cleanliness of Buildings	87%	75%	72%	80%
Percent of Customers Satisfied with Overall Level of Service	98%	82%	83%	93%

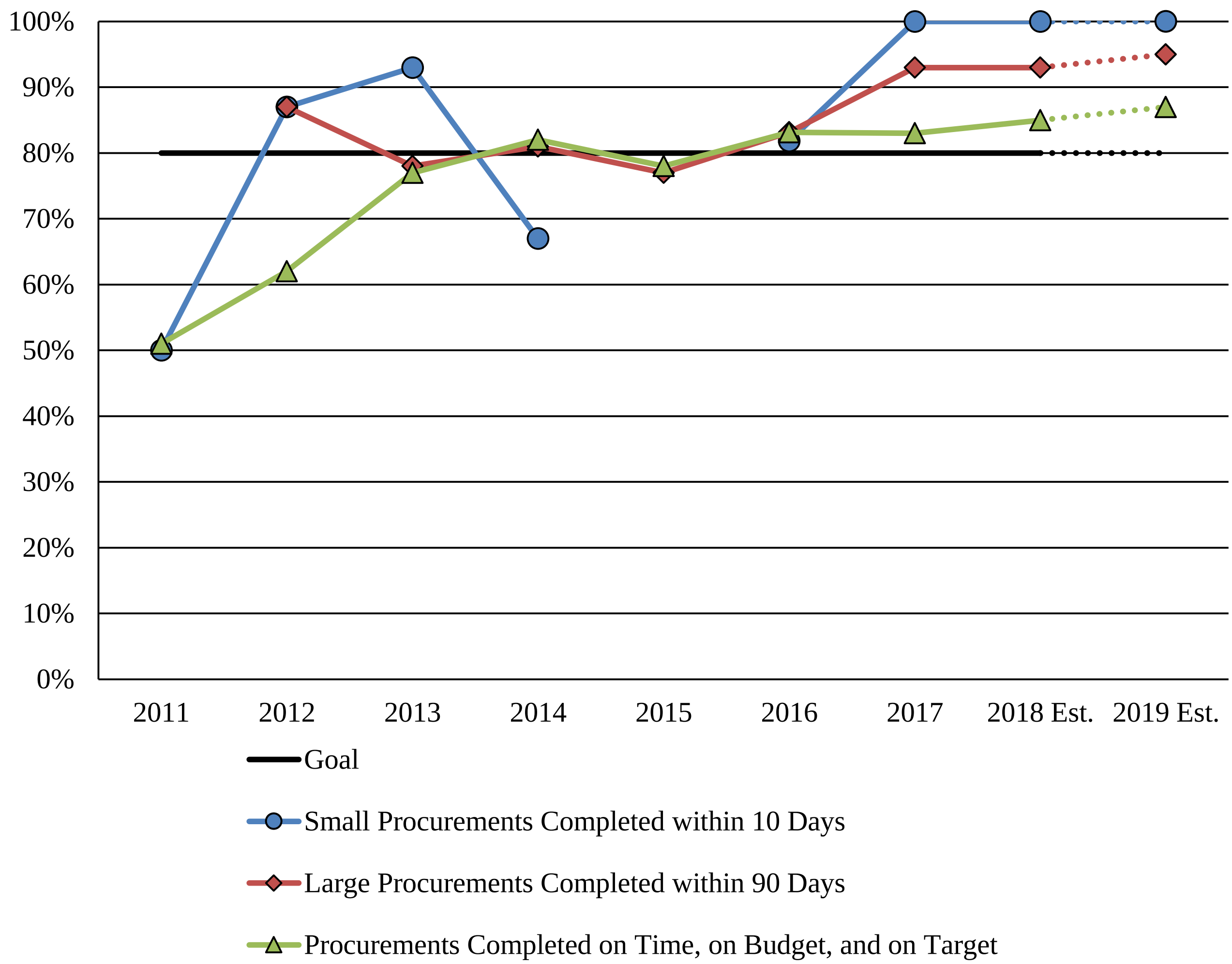
Source: Department of Budget and Management

Fiscal 2016 was the last year in which this data was tracked. Insofar as the unit with the most employees and largest budget is Facilities Operation and Maintenance, it is reasonable that the department track, maintain, and publish performance data. DGS advises that the department is revising facilities operations and maintenance Managing for Results (MFR) indicators. **DGS should be prepared to brief the committees on its plans to provide performance data for Facilities Operations and Maintenance.**

4. Procurement's Efficiency Objectives Met in Recent Years

The Office of Procurement and Logistics serves as the control agency for commodities, facilities maintenance, and construction. There is a streamlined process for small procurements, which are currently defined as procurements valued at less than $25,000. DGS' objective is that 80% of procurements are completed on time and on budget. Small procurements should be completed within 10 days, and large procurements should be completed within 90 days. **Exhibit 4** shows that DGS has been meeting these goals since fiscal 2016 and anticipates that these goals will be met in 2018 and 2019.

Exhibit 4
Percent of Procurements Meeting Objective
Fiscal 2011-2019 Est.



Note: No data is available for fiscal 2015 small procurements and fiscal 2011 large procurements.

Source: Department of Budget and Management

Legislation enacted in 2017 consolidates much of State procurement into DGS. (See the Issues section for a thorough discussion of the law changes.) The law also increases the threshold for small procurements to $50,000. This will increase DGS' workload and could affect how efficiently procurements are processed. MFR data should provide some insights into how well the State procurement consolidation is being implemented.

Fiscal 2018 Actions

Proposed Deficiency

The budget bill reduces appropriations for electricity by $656,246, including $601,343 in general funds, $17,214 in special funds, and $37,689 in federal funds. This reflects reduced electricity costs.

Cost Containment

In September 2017, the Board of Public Works (BPW) reduced DGS' fiscal 2018 appropriation by $60,000. Appropriations in Facilities Security was reduced by $40,000 to reflect anticipated savings attributable to implementing a timekeeping scheduler interface with the new Statewide Personnel System. Another $20,000 in savings was anticipated in Facilities Operations and Maintenance by limiting overtime to emergency maintenance projects.

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency's share of this reduction is $498,745 in general funds, $17,977 in special funds, and $7,841 in federal funds.

Proposed Budget

Exhibit 5 shows that the fiscal 2019 allowance totals $101.7 million, which is $1.8 million (1.8%) more than the fiscal 2018 working appropriation. Much of this increase is attributable to additional personnel costs in fiscal 2019, which total $1.6 million.

In fiscal 2019, Annapolis Public Buildings and Grounds' (APB&G) contractual services appropriation is reduced by $1 million. These funds support a State office building in Crownsville, in Anne Arundel County. After the Department of Housing and Community Development (DHCD) left this facility, it was vacant. Agencies, such as the Department of Information Technology (DoIT), have moved into the facility. Since agencies have moved into the facility, DGS will be budgeting facility costs in a separate subprogram, and the reduction to APB&G appears to be appropriate. However, it does not appear that the new Crownsville facility is receiving sufficient funds in the budget. If Crownsville's security costs in fiscal 2019 are consistent with costs incurred when DHCD occupied the facility, DGS advises that Crownsville could be underfunded by approximately $400,000.

Exhibit 5
Proposed Budget
Department of General Services
($ in Thousands)

How Much It Grows:	**General Fund**	**Special Fund**	**Federal Fund**	**Reimb. Fund**	**Total**
Fiscal 2017 Actual	$69,854	$4,148	$661	$24,880	$99,543
Fiscal 2018 Working Appropriation	66,290	3,916	1,288	28,436	99,931
Fiscal 2019 Allowance	66,459	4,482	1,340	29,437	101,719
Fiscal 2018-2019 Amount Change	$170	$566	$52	$1,001	$1,788
Fiscal 2018-2019 Percent Change	0.3%	14.4%	4.0%	3.5%	1.8%

Where It Goes:	
Personnel Expenses	
Restoring Section 19 reductions to fiscal 2018 health insurance costs	$525
Turnover adjustments	493
General salary increase	379
Workers' compensation premium assessment	241
Additional shift differential cost in facility security	56
Regular employee and law enforcement pensions	-46
Reclassifications in facility security, offset by ASR in DBM personnel budget	-77
Other fringe benefit adjustments	7
Building Operations and Maintenance	
Restore building repair and maintenance contracts to 95% of actual 2017 spending	1,134
Licenses for software upgrade	152
Rate increase for Upper Marlboro reimbursable lease management agreement Prince George's County	141
Rosement Center/Hilton St. Complex purchase debt service payment ended in fiscal 2018	-241
Electricity cost reduction net of fiscal 2018 deficiency reduction	-322
Reduced funding for Community Place in Crownsville facility costs	-1,036
Building Security	
Adjust reimbursable fund building security costs at Saratoga Street	-156
Procurement and Logistics	
eMaryland Marketplace functionality and sustainment	866

Where It Goes:	
Energy Projects and Services	
Energy contract cost reductions	-381
Other items	54
Total	**$1,788**

ASR: annual salary review
DBM: Department of Budget and Management

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

Personnel

There are no positions created, abolished, or transferred to other agencies in fiscal 2019, so the number of positions remains the same in fiscal 2019.

The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management's (DBM) statewide program and will be distributed to agencies during the fiscal year. This agency's share of the general salary increase is $279,430 in general funds, $12,293 in special funds, $4,630 in federal funds, and $82,193 in reimbursable funds. In addition, employees will receive another 0.5% increase and a $500 bonus effective April 1, 2019, if actual fiscal 2018 general fund revenues exceed the December 2017 estimate by $75 million. These funds have not been budgeted. The Administration will need to process a deficiency appropriation if revenues are $75 million more than projected.

As shown in the previous exhibit, DGS is receiving approximately $493,000 in additional appropriations to reduce turnover expectancy. **Exhibit 6** shows that departmentwide, the rate is reduced from 6.1% to 4.9%. The funds to reduce turnover are not distributed evenly. Most of the additional funds are received by facility security, whose turnover rate declines from 8.2% (highest in the department) to 3.9% (lowest in the department). On the other hand, Facility Planning, Design, and Construction's budget is reduced, as its turnover increases from 3.9% (lowest in the department) to 5.4% (second highest in the department).

Exhibit 6
Changes in Budgeted Turnover by Agency
Fiscal 2018-2019
($ in Thousands)

Agency	2018 Rate	2019 Rate	Change in Rate	Change in 2019 Costs
Administration	-5.03%	-5.00%	0.03%	$2
Facility Security	-8.24%	-3.86%	4.38%	476
Facility Operations and Management	-5.84%	-4.96%	0.88%	112
Procurement and Logistics	-6.33%	-5.54%	0.79%	21
Real Estate Management	-5.02%	-5.00%	0.02%	2
Facility Planning, Design, and Construction	-3.86%	-5.44%	-1.58%	-121
Departmental Rate	**-6.07%**	**-4.84%**	**1.23%**	**$493**

Source: Budget data provided by the Department of Budget and Management, January 2018

Historically, DGS has had high vacancy rates. In fiscal 2016 and 2017, vacancy rates were consistently above 8%. An effort is being made to provide sufficient funding so that the department does not need to keep positions vacant. But it is unclear that this addresses the right problem. As the next issue shows, DGS' salaries tend to be lower than local governments' salaries. Maintenance, police, and procurement positions have especially high vacancy rates. These positions also have salaries that are below salaries offered by local governments. The data suggests that the problem is deeper than providing sufficient funds to keep turnover low. **The department should be prepared to brief the committees on its plans to reduce vacancies.**

Issues

1. Staffing Trends at the Department of General Services

This issue examines staffing trends at DGS and makes recommendations. Specific issues addressed include:

- changes in the number of positions;
- vacancy rates;
- comparing State and local salaries; and
- the use of contactors.

The Department Has Lost More Than One Quarter of Its Positions Since Fiscal 2002

In the last 15 years, DGS has been losing positions. Over one-quarter of DGS' positions have been abolished since fiscal 2002. **Exhibit 7** shows that there are 212 less positions in fiscal 2017 than in 2002. The 15 years can be grouped into distinct phases:

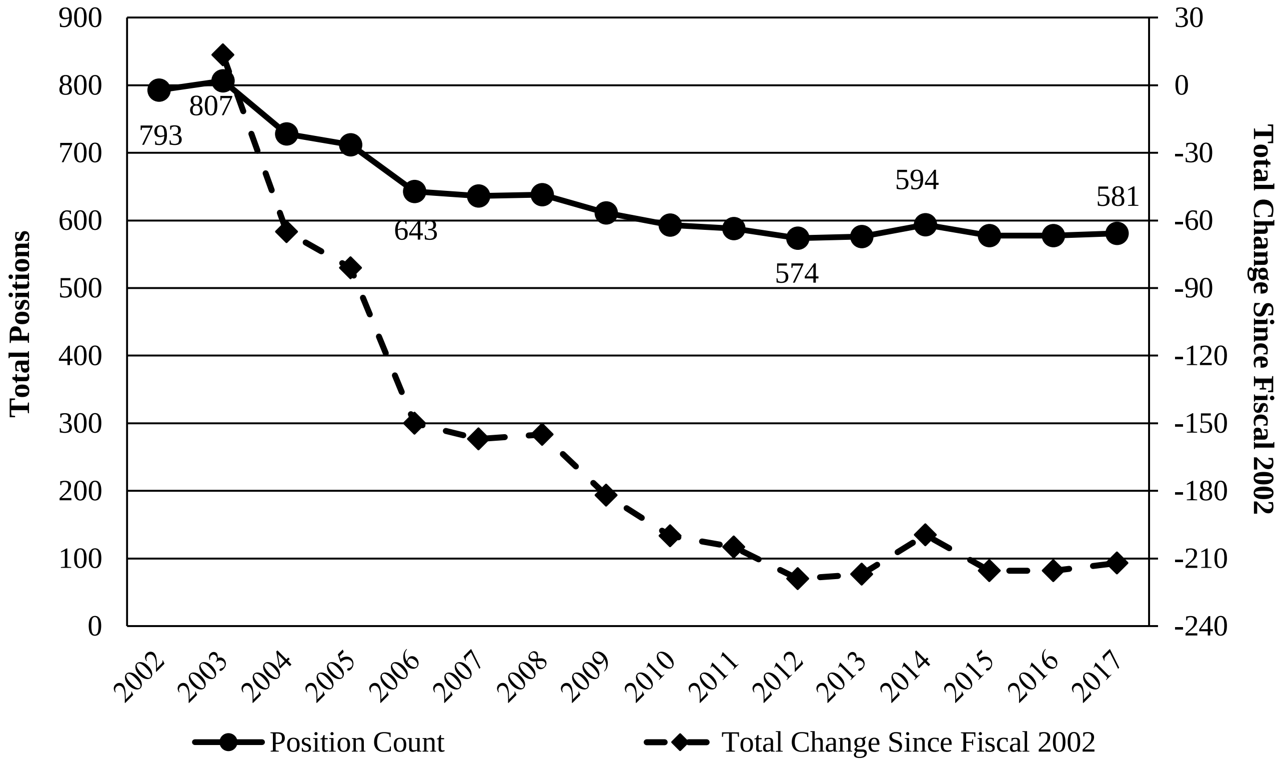
- ***Large Reductions from Fiscal 2003 to 2006:*** From fiscal 2003 to 2006, net positions decline by 150.0 positions. This reduces the workforce by 19.0%. The most substantial abolitions are attributable to cost containment (42.0 positions abolished in fiscal 2003 and 57.0 abolished in fiscal 2004) and to actions taken by the Governor through the regular budget process (32.0 positions were abolished in the fiscal 2004 Governor's budget submission, and 55.0 positions were abolished in the fiscal 2006 submission). By the end of fiscal 2006, DGS positions total 643.0. As is common with such large reductions, positions were lost in all areas. Some of the more significant losses include building security officers, police officers, electricians, and multiservice center managers.

- ***Reducing Position Counts in Response to the Great Recession:*** Like other State agencies, positions were reduced in response to declining revenues during and after the Great Recession. However, losses are more moderate, as net positions decline by 69.0 over 6 years from fiscal 2006 to 2012. Some positions were abolished in each year between fiscal 2007 and 2012. The larger reductions include abolishing 27.0 vacant police officer, maintenance, and administrative positions through cost containment in fiscal 2009 and abolishing 24.0 positions in fiscal 2010. Reductions occurred even in years that the department's workload increased. In fiscal 2010, DGS assumed responsibility for operating and maintaining the Hyattsville and Towson multiservice centers. By the end of fiscal 2012, DGS positons totaled 574.0.

- ***A Slight Increase in Fiscal 2013 and 2014:*** As introduced, the fiscal 2013 and 2014 budgets added 2.0 and 17.5 positions, respectively. The positions support an enhanced procurement system (2.0 positions in fiscal 2013), the acquisition of the St. Mary's Center (4.0 positons in fiscal 2014), and contractual conversions (13.5 positions in fiscal 2014).

- ***Maintaining Position Counts Near 580.0 After Fiscal 2014:*** DGS' positions declined by 16.0 in fiscal 2015 for a total of 578.0 positions. Reductions were attributable to the Voluntary Separation Program (7.0 positions), a requirement in the budget bill to abolish 150.0 vacant positions statewide (2.0 positions), and transfers to other agencies.

Exhibit 7
Department of General Services Position Count
Fiscal 2002-2017



Source: Governor's Budget Books

Position reductions have affected the department's functions. To analyze the effect of reductions on specific activities, the Department of Legislative Services (DLS) grouped all DGS' positions by functions. **Exhibit 8** compares the distribution of the positions in fiscal 2002 and 2017. The chart shows that position reductions at DGS were deep and broad.

Exhibit 8
Department of General Services' Positions by Function
Fiscal 2002 and 2017

	2002	2017	Change	Percent Change
Executive Direction[1]	**22.0**	**8.0**	**-14.0**	**-63.6%**
Finance, Personnel, and Information Technology				
Administration[1]	0.0	6.0	6.0	n/a
Operations	53.5	23.0	-30.5	-57.0%
Subtotal	***53.0***	***29.0***	***-24.5***	***-45.8%***
Facility Services[2]				
Administration[1]	51.0	53.0	2.0	3.9%
Building Security	88.0	86.0	-2.0	-2.3%
Police	137.0	79.0	-58.0	-42.3%
Maintenance	148.0	118.0	-30.0	-20.3%
Housekeeping[3]	11.5	12.0	0.5	4.3%
Building Services	46.5	24.0	-22.5	-48.4%
Subtotal	***482.0***	***372.0***	***-110.0***	***-22.8%***
Planning, Design, and Construction				
Administration[1]	39.0	30.0	-9.0	-23.1%
Operations	71.5	51.0	-20.5	-28.7%
Subtotal	***110.5***	***81.0***	***-29.5***	***-26.7%***
Procurement and Logistics				
Administration[1]	39.0	33.0	-6.0	-15.4%
Operations	44.0	33.0	-11.0	-25.0%
Subtotal	***83.0***	***66.0***	***-17.0***	***-20.5%***
Real Estate				
Administration[1]	19.0	17.0	-2.0	-10.5%
Operations	13.0	8.0	-5.0	-38.5%
Subtotal	***32.0***	***25.0***	***-7.0***	***-21.9%***
Print Shop	**10.0**	**0.0**	**-10.0**	**-100.0%**
Total Positions	**793.0**	**581.0**	**-212.0**	**-26.7%**

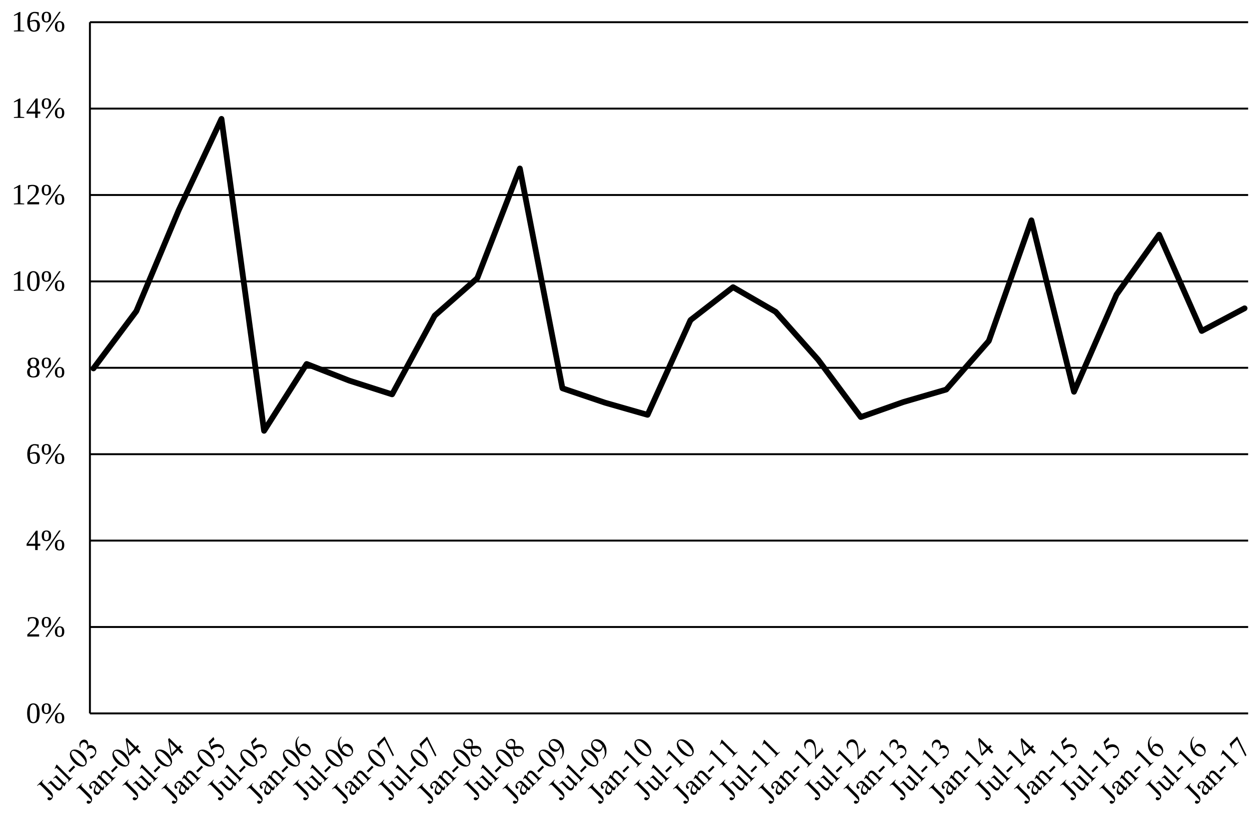
[1] Administration includes positions such as executives, executive assistants, managers, administrators, administrative aides, administrative officers, clerks, and secretaries that are assigned to a particular program. In fiscal 2002, finance, human resources, and information technology were included in Executive Direction (Secretary's Office), but it is unclear to what extent administration positions supported these specific functions. Consequently, this chart may overstate reductions to Executive Direction and understate reductions to Administration in other functions.
[2] Facility services includes the Office of Facility Security and the Office of Facility Maintenance.
[3] Includes Government House.

Source: Governor's Budget Books, Fiscal 2004 and 2018.

Vacancy Rates

DGS tends to have high vacancy rates. **Exhibit 9** compares the vacancy rates on July 1 and January 1 for each year since July 2003. Over the period, the average vacancy rate has been 8.9%. The rate has been as high as 13.8% and as low as 6.5%. Based on this data, DLS estimates that about 70.0% of the time, the vacancy rate has been between 7.0% and 11.0%.

Exhibit 9
Department of General Services Vacant Positions
July 2003 to January 2017



Source: Department of Budget and Management

Exhibit 10 shows how vacancies vary between functions as of January 2017. Some areas – building security, police, and maintenance – have double-digit vacancy rates, while others – Executive Direction, real estate management, and housekeeping – have no vacancies. Facility services, which has almost two-thirds of the department's staff, has a vacancy rate of 9.8%, which drives up the department's vacancy rate.

Exhibit 10
Vacancies by Job Functions
January 2017

	Total Positions	Vacant Positions	Percent Vacant
Executive Direction[1]	**8.00**	**0.00**	**0.0%**
Finance, Personnel, and Information Technology			
Administration[1]	6.00	0.00	0.0%
Operations	23.00	2.00	8.7%
Subtotal	**29.00**	**2.00**	**6.9%**
Facility Services			
Administration[1]	53.00	6.00	11.3%
Building Security	86.00	5.00	5.8%
Police	79.00	9.00	11.4%
Maintenance	118.00	14.50	12.3%
Housekeeping	12.00	0.00	0.0%
Building Services	24.00	2.00	8.3%
Subtotal	**372.00**	**36.50**	**9.8%**
Planning, Design, and Construction			
Administration[1]	30.00	2.00	6.7%
Operations	51.00	3.00	5.9%
Subtotal	**81.00**	**5.00**	**6.2%**
Procurement and Logistics			
Administration[1]	33.00	4.00	12.1%
Operations	33.00	5.00	15.2%
Subtotal	**66.00**	**9.00**	**13.6%**
Real Estate Management			
Administration[1]	17.00	2.00	11.8%
Operations	8.00	0.00	0.0%
Subtotal	**25.00**	**2.00**	**8.0%**
Total Positions	**581.00**	**54.50**	**9.4%**

[1] Administration includes positions such as executives, executive assistants, managers, administrators, administrative aides, administrative officers, clerks, and secretaries that are assigned to a particular program.

Source: Department of Budget and Management

State and Local Employee Salary Comparison

The most recent comprehensive study of State positions was released by DBM in 2008 that reviewed 208 benchmark classifications covering 45,000 employees. The study noted that "with few exceptions, the state of Maryland lags behind the surveyed public … base salary schedule." The survey also estimated that State salaries were an average of 5% behind the market at the minimum level and 3% behind the market at the maximum level. However, this survey is now 10 years old and DBM was reluctant to conduct a newer study when the topic was broached during budget hearings. Notwithstanding the lack of a comprehensive salary survey, there is evidence that the State continues to lose ground to other levels of government with respect to employee compensation.

To provide more recent data about State salaries, DLS compared State starting and average salaries of common DGS job groups to comparable positions in selected counties in 2017. The most common positions were selected for each group. Taken together, these eight job groups have 185 positions, which is 32% of all DGS positions. The group also provides a reasonable cross section of DGS employees. The positions selected include:

- building security;
- police;
- building maintenance;
- building services (generally janitorial);
- housekeeping (Government House and managing building services);
- construction planning and design;
- procurement; and
- real estate.

Consistent with past studies, **Exhibit 11** shows that:

- the State has the lowest base salary and is lower than the average salary in 7 of 8 positions;
- for the 7 positions below the average salary, State positions range from being $4,174 to $11,415 less than the average salary. The one position above the average salary is $18 more than the average salary; and

- compared to the 2008 study, State salaries have lost ground over the last decade. While the 2008 study estimated that the average State starting salary was 3% to 5% less than other jurisdictions, the surveyed State positions' starting pay is 16% less than the average starting pay.

Exhibit 11
Department of General Services
Annual Starting Salaries for Most Common Positions in Each Job Group

Job Group	Position	State Base Salary	Lowest Salary of the Sample	Average Salary of the Sample	State Compared to Average
Building Security[1]	Building Security Officer II	$25,502	$25,502	$36,441	-$10,939
Police	Police Officer II	40,164	40,164	44,931	-4,767
Maintenance[2]	Maintenance Mechanic Senior	27,048	27,048	34,483	-7,435
Building Services	Building Services Worker	22,707	22,707	27,089	-4,382
Procurement	Procurement Officer II	49,899	45,050	54,073	-4,174
Planning, Construction, and Design[2]	Capital Maintenance Project Engineer-Architect II	56,743	49,997	56,725	18
Housekeeping[3]	Housekeeping Supervisor IV	28,702	28,702	36,755	-8,053
Real Estate[4]	Acquisition Specialist	44,107	44,107	55,522	-11,415

[1] Baltimore City and Cecil County advise that neither have similar positions.
[2] Baltimore City advises that it does not have a similar position.
[3] Baltimore City and Washington County advise that neither have similar positions.
[4] Cecil County advises that it does not have a similar position.

Source: Baltimore City; Cecil, Montgomery, and Washington counties; Department of Budget and Management

One characteristic that high vacancy police, security, and maintenance positions share is low salaries when compared to salaries of local jurisdictions. In the DLS survey, the base salary of a police position was $4,767 (11%) less than average local salaries, the base salary of a security position was $10,939 (30%) less than average local salaries, and the base salary of maintenance was $7,435 (22%) less than average local salaries.

For one position (capital project architect and engineer II), the salary is not below the average salary. However, there are concerns that the position may be difficult to fill, specifically:

- ***State Salaries for Architects and Engineers Are Less Competitive When Compared to Larger Jurisdictions:*** When compared to the largest jurisdiction in the survey, State positions earn $7,000 less at the base salary and $17,000 less at the top salary. Since large jurisdictions tend to hire larger staffs and are a larger share of the workforce, the salary distribution may be skewed toward the higher end of the salary range. Also, the position is located in an area (Baltimore City) where salaries tend to be higher. Consequently, State salaries may be less competitive than the average suggests;

- ***There Is a Vast Private Labor Market for Architects and Engineers:*** The market for engineering positions is much larger than government employment;

- ***Increasing Construction Activity Could Bid Up Salaries:*** After the Great Recession, the State has benefitted from a slowdown in construction activity. There was a major contraction in the construction industry. Consequently, the State was able to hire experienced engineers, some of whom had been laid off; and

- ***The Current Workforce Is Nearing Retirement:*** Most of the architects and engineers at DGS' have years of experience. DGS advises that 32 of 73 filled positions (which is 44% of positions) in the Office of Facilities Planning, Design, and Construction are eligible to retire and 1 position retired in the fall of 2017.

The Number of State Properties Has Changed Little Since Fiscal 2002

One factor influencing service quality is that DGS is maintaining a number of aging buildings. According to MFR data provided by DGS in fiscal 2002, the State had 53 buildings at the time. DLS has prepared an inventory of buildings listed on the department's website. **Exhibit 12** shows that DGS still maintains 53 buildings and a total of 6.3 million square feet. In terms of square feet maintained, over three-quarters (4.9 million out of 6.4 million) are over 30 years old.

The conclusion is that the buildings and grounds workload has increased as newer facilities have come on line. While there is not sufficient data to compare service levels in fiscal 2002 to 2018, DGS has room to improve service levels. State buildings are also getting older, which tends to add to the maintenance workload.

Exhibit 12
Age of Department of General Services Maintained Facilities
Fiscal 2017

Age of Facility	Number of Buildings	Square Feet	Percent of Total Square Feet
10 years or less	1	167,072	3%
11 to 30 years	15	1,275,309	20%
31 to 50	20	2,945,888	46%
51 to 70	7	820,950	13%
Over 70 years	10	1,153,200	18%
Total	**53**	**6,362,419**	**100%**

Note: Excludes facilities that are solely parking garages.

Source: Department of General Services

Facility Services' Increased Use of Vendors

As previously discussed, facility services (facility services includes the Office of Facility Security and the Office of Facility Maintenance) has lost a substantial number of positions while the number of facilities maintained by DGS has increased. To keep up with this workload, the department has increasingly relied on vendors.

Exhibit 13 shows that, even after adjusting for inflation, the fiscal 2017 spending for repairs and maintenance is $1.8 million more than in fiscal 2002, and spending for janitorial services is approximately $828,000 higher. In fiscal 2002, spending on repairs, maintenance, janitorial services, grounds maintenance, and security was 47.7% of total contractual vendor spending. By fiscal 2017, these expenses accounted for 54.1% of spending, thus outgrowing spending in other areas.

Exhibit 13
Changes in Appropriations for Vendors
Fiscal 2002 and 2017
($ in Thousands)

Title	2002 Costs	2002 Inflated	2017 Costs	Increase Over Inflated Costs
Facility Operating and Maintenance Costs				
Repairs and Maintenance	$2,413	$3,270	$5,103	$1,832
Janitorial Services	2,883	3,907	4,735	828
Grounds Maintenance	77	105	232	127
Subtotal	***$5,373***	***$7,282***	***$10,069***	***$2,787***
Share or Contractual Costs	47.7%	47.7%	54.1%	
Security Costs	$1,980	$2,684	$2,334	-$350
Share or Contractual Costs	17.6%	17.6%	12.6%	
Other Contractual Costs	$3,923	$5,316	$6,192	$876
Share or Contractual Costs	34.8%	34.8%	33.3%	
Total Contractual Costs	**$11,276**	**$15,282**	**$18,596**	**$3,314**

Notes: Fiscal 2002 has been adjusted by the federal Bureau of Labor Statistics' Urban Consumer Price Inflator so that the data is in fiscal 2017 dollars. Legal fees are excluded since fiscal 2017 is an outlier since it includes legal fees for State Center litigation.

Source: Department of Budget and Management

Appropriate Use of State Employees and Vendors

One question that the increased spending in contractors raises is the appropriate use of contractors; when is the use of contractors most cost effective, and when are State positions most cost effective? When hiring a private contractor, the State pays overhead to the contractor. It is also common for there to be a minimum fee that is charged no matter the size of the job. While some tasks may be too uncommon, large, or complicated for the State to hire the appropriate employees, the concern is that the State may be relying too much on contractors, which is resulting in additional costs to perform routine tasks.

Another issue is that there is no standardization among the three DGS complexes (APB&G, Baltimore Public Buildings and Grounds (BPB&G), and Inner Harbor State Complex) and the multiservice centers. For example, APB&G does not have a plumber, but there is a plumber in BPB&G

and the Saratoga Street Complex (which is part of the Inner Harbor State Complex). Current staffing is not based on the most efficient complement of positions, but each complex's staff has instead evolved based on the complex's unique policies and budget constraints, as well as the various cost containment actions taken since fiscal 2002. DGS has not had a review of building needs to determine what would be the most cost-effective complement of employees. If it is not cost effective for a complex to have plumbers, why do BPB&G and the Saratoga Street Complex have plumbers? It appears that DGS could benefit from examining when State employees are more cost effective and when contracting is more cost effective.

Technology Has Been Deployed to Support Facilities Security

DGS operates 20 buildings that are secured by DGS' MCP. DGS has deployed technology by increasing the number of proximate cards and cameras. In fiscal 2016 and 2017, DGS expended approximately $912,000 in each year to purchase security equipment, including cameras. MFR indicators show that all these buildings are now secured by proximate cards, cameras, or personnel. The previous exhibit shows that, after adjusting for inflation, security spending on contractual services actually declined since fiscal 2002. Although DLS does not have the data to quantify how technology has affected staffing needs, it appears that deploying technology has reduced the need for staffing.

DLS Recommends a Review of Facilities Operations

DGS has lost a substantial number of positions since fiscal 2002. Often reductions were made by abolishing vacant positions. Staffing decisions were not necessarily made by analyzing needs and costs. **DLS recommends that the committees adopt committee narrative requiring DGS to examine staffing at Facilities Operations and Maintenance. Issues to evaluate are the use of vendors for routine tasks, when using vendors is more cost effective than hiring State employees, a review of strategies to reduce high turnover rates among State employees, and a comparison of State and non-State salaries.**

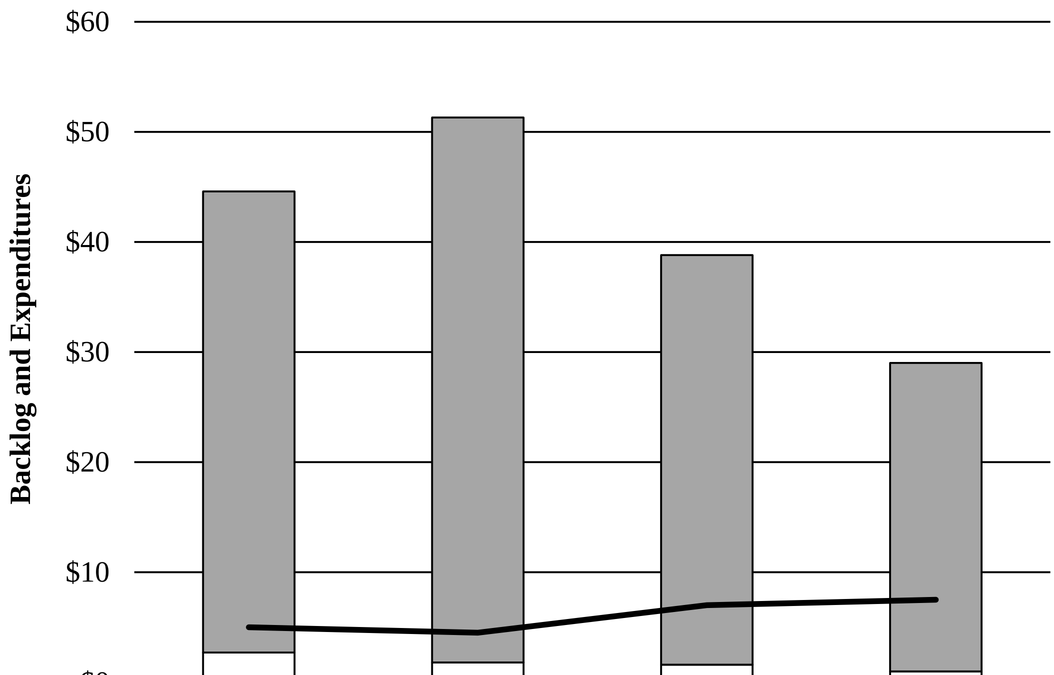
2. Facility Maintenance Resource and Funding Issues

Pursuant to Sections 4-407 and 4-408 of the State Finance and Procurement Article, the department is required to establish and supervise a comprehensive and continuing program of maintenance and repair of all public improvements. DGS' maintenance of State facilities efforts include both "critical maintenance" funded through the operating budget and "facilities renewal" funded through the capital budget. The State regularly scales back facility maintenance funding in years in which there are budget shortfalls. This issue examines concerns that DLS has about facilities maintenance and offers recommendations to provide resources, improve efficiencies, and increase transparency.

Recent Facility Maintenance Funding

Exhibit 14 shows that DGS reports a substantial operating critical maintenance backlog, which is eight times expenditures in fiscal 2015. Appropriations increase from $4.5 million in fiscal 2016 to $7.0 million in fiscal 2017.

Exhibit 14
Critical Maintenance Funding and Backlog
Fiscal 2015-2018
($ in Millions)



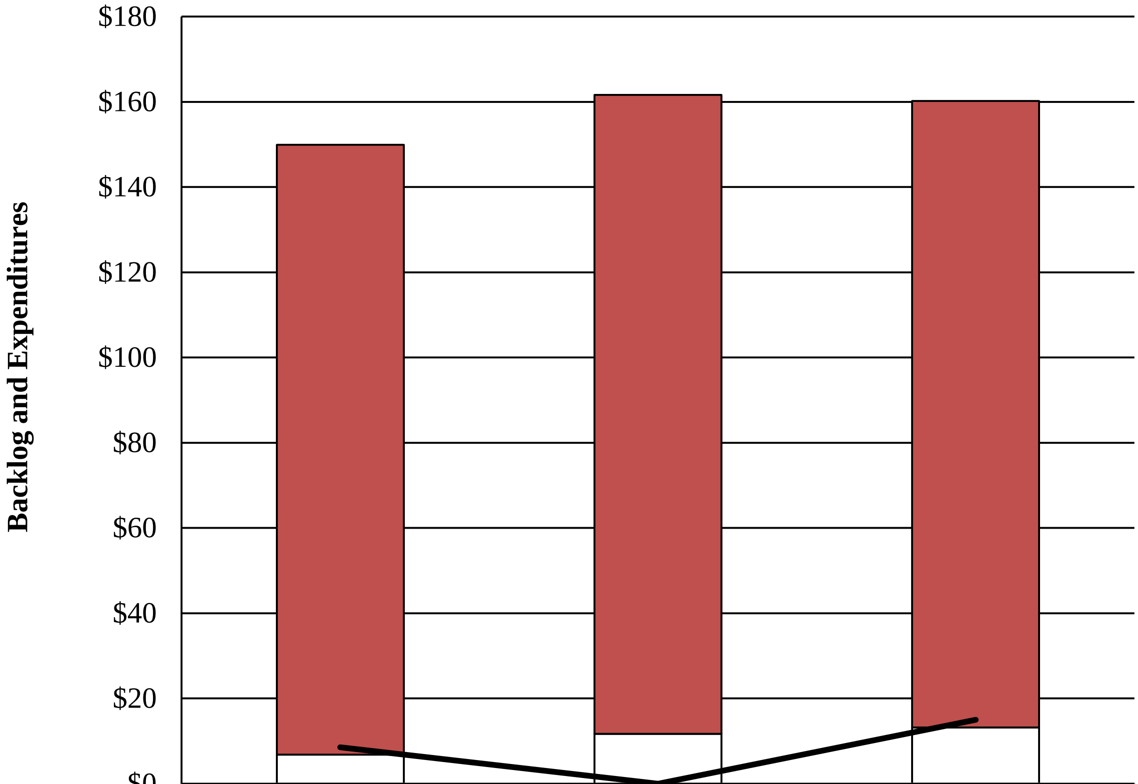
	2015	2016	2017	2018
Previous Backlog	$41.9	$49.5	$37.2	$28.0
New Backlog	$2.7	$1.8	$1.6	$1.0
Operating Expenditures	$5.0	$4.5	$7.0	$7.5

Note: Critical maintenance projects are operating budget expenses for projects that cost less than $100,000.

Source: Department of General Services

Exhibit 15 shows that the capital facilities renewal backlog totals $149.9 million in fiscal 2017. Additional funds are provided for facilities renewal in fiscal 2019; the capital program proposes $20.5 million in general obligation bond authorizations.

Exhibit 15
Facilities Renewal Funding and Backlog
Fiscal 2016-2018
($ in Millions)



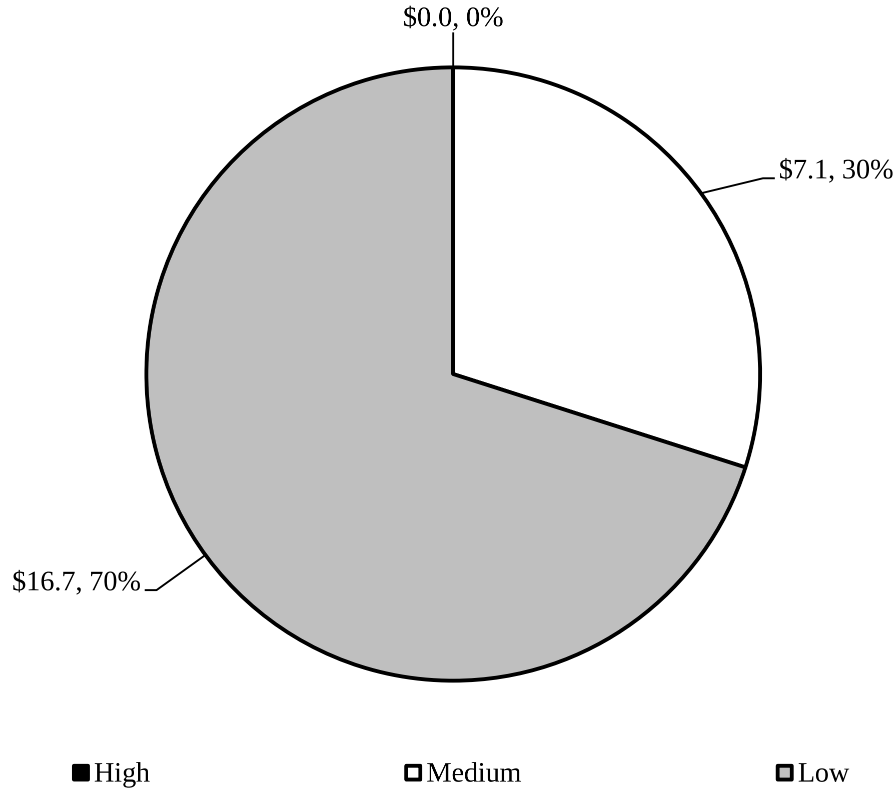
	2016	2017	2018
Previous Backlog	$143	$150	$147
New Backlog	$7	$12	$13
Appropriation	$9	$0	$15

Note: Facilities renewal projects are capital budget expenses for projects that cost more than $100,000.

Source: Department of General Services

Exhibit 16 provides the priority detail of the department's critical maintenance backlog in fiscal 2018. Approximately 30% of the critical maintenance backlog is classified as medium priority level.

Exhibit 16
Critical Maintenance Backlog Rating
Fiscal 2018
($ in Millions)



	High	**Medium**			**Low**			
Priority Level	**1 to 3**	**4**	**5**	**6**	**7**	**8**	**9**	**Total**
Estimate	$0	$0	$895,751	$6,241,020	$13,003,361	$1,240,550	$2,470,224	**$23,850,906**
% of Total	0%	0%	4%	26%	55%	5%	10%	**100%**
Number of Projects	0	0	18	141	303	32	51	**545**

Source: Department of General Services

Steps have been taken to reduce the backlog. DGS' Office of Facilities, Planning, Design, and Construction received 4 new regular positions in fiscal 2017 to increase the number of critical maintenance and facilities renewal projects that can be completed. Proposed fiscal 2019 funding is $7.5 million for critical maintenance and $20.5 million for facilities renewal. In fiscal 2015, critical maintenance funding totaled $5.0 million and facilities renewal funding totaled $15.0 million.

Facilities Maintenance Issues

After reviewing DGS' operating and capital facilities maintenance program, DLS has concerns about the resources and tools available to DGS. This section reviews the issues and offers recommendations to remedy concerns.

No Comprehensive Review by DGS

Prior to 1993, maintenance projects were generated by a DGS assessment team that inspected all State facilities. The team was responsible for evaluating the facility maintenance program and the quality of the maintenance workflow. However, this program was eliminated in fiscal 1993 due to the State's fiscal crisis. Since that time, the department has utilized a Preventive Maintenance Operation (PMO) Program. Under this program, agencies are required to submit project justification reports to DGS annually. The PMO Program requires agencies to conduct their own assessments of facilities and equipment and to provide project justifications for items that need to be replaced. This information is then reviewed by DGS project managers, assigned a priority, and placed on an aggregate list of projects maintained by the department for future consideration.

Critiques of the program include DGS' inability to make relative judgments about project priorities since it does not evaluate each project and that agency personnel are not always qualified to conduct such an assessment. DGS notes that agencies often submit incomplete reports that leads to poor maintenance tracking and identification and an increase in the number of emergency projects. In the absence of adequate assessment practices, it is virtually impossible to determine the true magnitude of the State's facilities maintenance backlog.

In a 2017 report entitled *Truth and Integrity in State Budgeting: WHAT IS THE REALITY*, the Volcker Alliance evaluated best practices in state budgeting for all 50 states. The report gave each state a report card that evaluated how well the state performed in five areas: budget forecasting, budget maneuvers, legacy costs, reserve funds, and transparency. With respect to transparency, Maryland's grade was a "B." The State received top marks in all areas except "discloses deferred maintenance replacement costs." The report acknowledged that many states show some cost data but concluded that that was insufficient. A fuller understanding of the replacement costs of assets was recommended. The report noted that "[d]eclaring a budget balanced while omitting the long-term costs of maintaining infrastructure is not unlike a failure to fund promised pensions." In essence, deferred maintenance is an unfunded liability that will need to be paid at some future date if the state continues to use an asset. The current facility renewal evaluation process does not have the resources to meet this standard.

DLS is concerned that the State does not have the resources to properly maintain State facilities. Having an assessment team would allow DGS to get better data and to enforce regular inspections of State facilities. When DGS received funding for an assessment team, the team consisted of 6 maintenance staff, including a maintenance engineering manager (now grade 21). To replicate the team, DGS would need to hire 5 capital maintenance project engineers/architects (grade 19) in addition to the manager. Since much of the work would be done offsite, this estimate assumes a pool of five vehicles for the team. Funding a team would require approximately $343,000 in the first year (a 25% turnover rate is assumed) and $361,000 in the second year (no additional vehicles would be needed). The reduction in unplanned emergency project requests and associated costs could be significant.

Inconsistent and Inefficient Funding

Funding for critical maintenance has been inconsistent and inefficient. Specific concerns are:

- ***Inconsistent Funding:*** In fiscal 2013, the appropriation was $1.1 million. The fiscal 2019 allowance includes $7.5 million, which is the same level appropriated in fiscal 2018. In recent years, the State has made efforts to increase funding for facilities maintenance. However, history suggests that maintenance is a relatively low priority and subsequent appropriations could be substantially less;

- ***Annual Budgeting:*** Critical maintenance funds are budgeted in the operating budget, which is an annual appropriation. All funds must be encumbered by June 30 of each year or be reverted to the General Fund. There are two issues that complicate annual budgeting for critical maintenance:

  - ***Critical Maintenance Projects Require Planning and That Takes Time:*** If the planning is not completed in sufficient time, funds cannot be encumbered by the end of the fiscal year and will be lost. If there is still an unusually high level of unencumbered funds at the end of the fiscal year, additional resources may need to be deployed so the funds are not lost; and

  - ***Operating Critical Maintenance Is Done in Conjunction with Facilities Renewal in the Capital Budget:*** The same staff are responsible for the planning and management of both types for projects. If there are unusually high numbers for capital facilities renewal projects that need to be planned, resources taken from operating critical needs will slow the planning of those projects; and

- ***Emergency Projects:*** The critical maintenance project list vastly exceeds the funding available for projects. There is pressure to reduce the backlog. When emergencies occur, funds not dedicated to support another project need to be used to support the emergency project. This can take resources from projects that are ready to be completed.

Creating a nonlapsing fund with a dedicated funding resource would address these issues. To establish a dedicated fund, the State could apply a per square foot assessment to all agencies in DGS facilities. This could be set at a level to provide sufficient revenues to fund the program and has the benefit of leveraging special and federal funds. A nonlapsing fund allows DGS to retain revenues at the end of each fiscal year.

Advantages of nonlapsing, dedicated funds for critical maintenance include:

- ***A Nonlapsing Fund Allows DGS to Retain Revenues and Manage Maintenance More Efficiently:*** If unused funds are not lost at the end of the fiscal year, they are retained by the fund for the following year. This allows DGS more flexibility when planning maintenance projects. If additional resources need to be deployed for capital maintenance, operating appropriations would not be lost. If there is an unusually high number of unencumbered critical maintenance funds, resources would not need to be diverted from the capital facilities renewal projects;

- ***A Fund Balance Could Be Kept for Emergency Projects:*** From fiscal 2015 to 2017, there have been approximately $200,000 to $600,000 in emergency project costs in the critical maintenance budget.[1] Keeping a fund balance of $500,000, for example, keeps unencumbered funds available for unforeseen projects; and

- ***A Dedicated Funding Source Provides Additional Support for Critical Maintenance:*** The entire fiscal 2019 critical maintenance budget is supported by the General Fund. If agencies in DGS facilities were budgeted a per square foot fee, agencies with special and federal fund appropriations would provide additional funds for facilities maintenance.

Transparency through MFR

The MFR program provides data that is used to evaluate how well State agencies are performing. Many State agencies, including DGS, have varied missions and providing data for all their activities is impractical. Consequently, not all activities are scrutinized by MFR. But key functions such as maintaining State buildings should be scrutinized.

Facilities renewal is not part of DGS' MFR submission. To get facilities maintenance data, the public must contact the department and request the data. It is unclear if the condition of State facilities is improving or deteriorating. As discussed in the last section, a recent report's critique of the transparency of Maryland's budget process is the lack of adequate data concerning the condition of infrastructure. Including facilities maintenance in the MFR process would formalize the data collection process and improve transparency.

Conclusion

As discussed earlier in this analysis in the energy consumption goals MFR section, DGS noted that energy usage would be more efficient if State heating and cooling systems were not in a degraded condition due to a lack of maintenance. Currently, the department does not have adequate resources to assess the condition of its facilities. While the department has received additional funding, there are budget tools that the department could be given that would allow the department to manage the facilities

---

[1] This excludes capital facilities renewal, whose annual costs have ranged from $0.6 million to $7.8 million since fiscal 2007.

maintenance program more efficiently. Furthermore, facilities maintenance data is unreliable, difficult to obtain, and not part of the MFR process.

So that DGS can prepare a comprehensive review of facilities maintenance needs, DLS recommends that DGS receive additional staff and funding. This should provide the department with more accurate and comprehensive data about facilities maintenance needs and reduce the strain on State agencies to monitor their facilities.

DLS recommends the adoption of a provision in the Budget and Reconciliation Financing Act (BRFA) to establish a nonlapsing fund for critical maintenance projects.

DLS recommends that the department develop MFR goals, objectives, and performance measures for facilities maintenance. This would formalize the data collection process and provide transparency.

3. Legislation Consolidates State Procurement

Since 2012, the State's procurement system has been analyzed by BPW, DLS, and the Governor's Commission to Modernize State Procurement. Each of these analyses has independently concluded that the structure and operation of the State's procurement system does not reflect best practices and made recommendations to enhance both the efficiency and transparency of State purchasing decisions. During the 2017 session, the General Assembly enacted legislation to address many of the procurement system's deficiencies identified.

Chapters 588, 589, and 590 of 2017 consolidate oversight of State procurement. Some of the changes adopted by Chapter 590 are delayed; the effective date of the law is October 1, 2019. The legislation establishes the position of Chief Procurement Officer (CPO) within DGS. The CPO is appointed by the Governor with the advice and consent of the Senate and is the "head of all procurement activity for the Executive Branch of State Government."

Chapter 590 reduces the number of control agencies (through which specified procurements by other agencies are reported to the BPW) and primary procurement units (which can carry out their own procurement without approval by another agency). The authority of DBM to control procurement of services and motor vehicle leases and of DoIT to control procurement of information processing and telecommunications equipment and services is repealed and transferred to the CPO. This leaves just two control agencies for Executive Branch agencies[2]: DGS and the Treasurer's Office (for banking and financial services, insurance, and insurance services).

The legislation repeals the status of DBM, DoIT, and the Department of Public Safety and Correctional Services (for the procurement of construction, construction-related services, supplies, materials, and equipment for State correctional facilities) as primary procurement units, leaving only

[2] This excludes State universities, which have autonomy with respect to procurement and personnel issues.

seven such units.[3] However, DGS, through the CPO, is given authority to delegate procurement authority to agencies with specific expertise. DGS is also authorized to carry out additional functions to improve the efficiency and transparency of State procurement, including developing performance metrics, implementing strategic sourcing, compiling statistics on State purchasing, and overseeing procurement officer training, among other responsibilities. The former Procurement Advisory Council is reconstituted as the Procurement Improvement Council.[4] The council is chaired by the CPO and has expanded responsibilities that include advising the General Assembly on proposed legislation.

Several reporting requirements designed to further improve the procurement process are also included in the legislation. By October 1, 2018, the Office of the Attorney General must report on a process for establishing a centralized procurement attorney office to represent all State agencies in matters before the Maryland State Board of Contract Appeals. By the same date, DGS, in consultation with other specified agencies, must develop a work plan to implement the CPO position and other related provisions of the bill. Also by the same date, BPW and DBM must establish new job titles and classifications for current and future procurement staff in the State Personnel Management System to establish clear lines of authority, a single path of advancement, and consistent job titles and compensation across agencies.

Chapters 588 and 589 of 2017 incorporate some of the recommendations of the Governor's Commission to Modernize State Procurement, including:

- altering the process for the procurement of architectural and engineering contracts valued at more than $200,000;

- repealing the statutory preference for the use of competitive sealed bids in State procurement;

- expanding authority for master contracting; and

- raising the small procurement threshold from $25,000 to $50,000.

To benefit from the economies of scale generated by bulk purchasing through intergovernmental cooperative purchasing agreements (ICPA), State law authorizes primary procurement units to sponsor or participate in ICPAs under specified conditions. Chapter 774 of 2017 requires a primary procurement unit to make a determination before it initially sponsors, participates in, renews, or modifies an ICPA. The determination must be in writing and include specified information regarding the potential benefits of the agreement. The head of a primary

[3] The primary procurement units are the State Treasurer, DGS, Maryland Department of Transportation, Maryland Port Administration, University System of Maryland, Morgan State University, and St. Mary's College of Maryland.

[4] The council includes the State Treasurer, Chancellor of the University System of Maryland, Secretary of Budget and Management, Chief Procurement Officer, Secretary of Information Technology, Secretary of Transportation, procurement advisor, Special Secretary for the Governor's Office of Small, Minority, and Women Business Affairs, Director of the Governor's Office of Performance Improvement, a representative of local government who has local procurement expertise appointed by the Governor with advice and consent of the Senate, and two members of the general public at least one of whom has State procurement expertise who are also appointed by the Governor with advice and consent of the Senate.

procurement unit must approve the unit's sponsorship of or participation in an ICPA, which is subject to any other approval required by law. If the unit sponsors an ICPA, it must comply with all notice requirements in current law.

DGS should be prepared to brief the committees on procurement reform legislation, as well as the status of DGS' efforts to be prepared for law changes on October 1, 2018.

Audit Issue Suggests Insufficient Personnel to Review Small Procurements

State regulations authorize the Office of Procurement and Logistics (OPL) to delegate certain small procurements to State agencies. Commodity purchases costing up to $25,000 and maintenance service contracts costing up to $50,000 can be delegated to State agencies. Over the three years covered in a December 2016 audit, agencies made 59,802 procurements. The value of commodity procurements totaled $210 million, and the value of maintenance service contracts totaled $38 million.

Regulations permit OPL to audit State agency delegated commodity procurements to ensure that a proper competitive procurement was conducted. OPL has established written procedures to conduct audits of delegated commodity procurements on a two-year rotating basis. The Office of Legislative Audits (OLA) found that, as of January 2016, no audits had been conducted since fiscal 2011. The audit also notes that "OPL management advised us that its ability to properly oversee agency procurements has been negatively impacted by significant and prolonged staffing shortages."

Effective October 1, 2017, the new procurement law raises the small procurement commodity purchase from $25,000 to $50,000. Additionally, DGS will be delegating small procurements from DBM and DoIT to the agencies as well. This is expected to increase the number of procurements that need to be audited by DGS. Insofar as OPL does not have the resources to conduct audits under current conditions, the problem is expected to become more acute. To resolve this chronic issue, 1 additional position appears to be necessary. **DLS recommends that DGS be given additional staff so that it can conduct small procurement audits, consistent with DGS procedures.**

4. eMaryland Marketplace Procurement

In July 2016, BPW approved the contract to the vendor that provides DGS' procurement software. The approved BPW item pays Periscope Holdings, Inc. (Periscope) almost $7.3 million over the next two years for the operation and maintenance of eMaryland Marketplace (eMM), the State's online procurement portal; roughly half of that amount is for completed work, and the other half is for the continued operation of eMM in fiscal 2018 and 2019. DLS raised major concerns with the item in advance of the BPW meeting, as did the BPW procurement advisor and the State Treasurer's Office. All parties were advised that the item would be deferred. Instead, it was approved.

Background

eMM is an Internet-based procurement system managed by DGS. In 2011, DGS entered into a five-year contract with Periscope to develop and operate eMM using its proprietary BuySpeed software. When BPW approved the contract, it authorized DGS to assess a 1% processing fee on vendors for electronic transactions carried out by DGS on eMM. Proceeds from the processing fee were to cover the cost of operating and maintaining eMM, including payments to Periscope. After two years of operation, proceeds from the fee more than covered the cost of operation, making eMM a self-supporting system.

However, State agencies and vendors have complained since eMM's inception that:

- eMM is not linked to other State financial systems, limiting its usefulness and often requiring users to double-enter many procurement-related transactions; and

- eMM's user interface is very difficult to navigate.

The original five-year contract included a requirement that Periscope develop a tool to integrate eMM with other State financial systems. A 2013 audit by OLA found that Periscope had not carried out that task despite being paid in full by the State. In its response to the audit, DGS indicated that it would seek compensation from Periscope. This is further discussed below.

At the conclusion of the five-year contract, DGS elected not to exercise a five-year option to have Periscope continue to operate eMM. It did, however, extend the contract for two months until it could devise an alternative arrangement. Around the same time, responsibility for day-to-day management of eMM was transferred to DoIT. Instead of initiating a competitive procurement to replace eMM, DoIT issued a work order request to NIC, a vendor under contract with DoIT to develop Internet-based software for State agencies, under an existing task order contract that included the continued operation of eMM, development of an integrated procure-to-pay system (including integration with State financial systems), and implementation of a standardized strategic sourcing program, including collection and analysis of State spending data. NIC submitted a work order proposal, which DoIT accepted that went into effect in October 2016. NIC subcontracted with Periscope to carry out the work order.

About three months after the work order went into effect, the Comptroller's Office notified DoIT that it violated a Memorandum of Understanding (MOU) among the Comptroller, DoIT, and DBM. The MOU required that any changes affecting a specified component of the State's financial accounting system be reported to and approved by the Comptroller's Office. As a result, Periscope's work on the task order was suspended on or about March 1, 2017.

BPW Item

The supplemental item considered at the July 26 meeting was divided into two parts:

- $3.7 million to Periscope as compensation for work performed on the work order from October 2016 through February 2017; and

- $3.6 million to Periscope under a sole-source contract for the continued operation and maintenance of eMM for two years.

The Amount Paid to Periscope for Prior Work Completed Seems Unreasonable and Has Not Been Fully Justified

State law stipulates that when a contract is voided by the State, "the contractor shall be awarded compensation for actual expenses *reasonably incurred* under the procurement contract, plus a reasonable profit…." under specified conditions (§ 11-204, State Finance and Procurement Article, emphasis added). At the request of BPW staff, Periscope provided a summary of its labor charges incurred and work completed under the work order. It shows that nearly half of Periscope's entire workforce incurred more than 11,000 hours in less than five months. These figures have not been independently verified. Discussion during the BPW meeting indicates that the amount to be paid includes salary for the chief executive officer (CEO) and other senior management staff, although this has not been confirmed either.

Among the tasks that Periscope says it completed was the collection of spending data across State agencies for the purpose of establishing a strategic sourcing program. However, written communication from Periscope and testimony at the BPW meeting confirm that the data was never delivered to the State. In fact, according to written communication from Periscope, because the work order was suspended before the spending data could be validated, "the State may not be able to fully capitalize on the work that Periscope has done to date."

During the BPW meeting, the CEO of Periscope indicated that the firm had completed and delivered the integration component required under the original eMM contract but that the State had rejected the work. He also stated that Periscope provided a discount to the State as a result. Neither of these claims were confirmed by State officials during the meeting, so it is unclear to what extent the State has already paid for system integration work that was included in the work order.

The Contract Amount for the Operation and Maintenance of eMM Going Forward Is Substantially Higher Than Previous Operating Expenses

Under the new contract, Maryland will be paying $1.8 million each year ($150,000 per month) for two years to Periscope to operate and maintain eMM. According to DGS, the State paid Periscope $741,000 in fiscal 2015 and $508,000 in fiscal 2016 for the same services that Periscope will be providing for the next two years. Periscope justifies the higher cost because Maryland is the only client still using version 13 of BuySpeed; all other clients have upgraded to version 14. Therefore, Maryland is bearing the full cost of maintaining the version 13 platform instead of sharing it with multiple other clients. By comparison, the cost of the five-year option declined by the State would have been $40,000 per month. Neither DoIT nor DGS has explained why Maryland is continuing to use an old version of BuySpeed, especially since most users of the platform are not satisfied with its performance.

Current Status and Recommendations

After BPW approved continuing the eMM contract, DLS recommended that OLA review this procurement. The Joint Audit Committee concurred and requested that OLA audit the eMM procurement. OLA advises that the audit should be ready by the end of February 2018. OLA is prepared to brief the committees on the audit findings pertaining to eMM and this procurement.

The eMM system has been used by the State for a number of years. Maryland is the only user of the older version 13, which adds to the operating cost. It seems to be an appropriate time to reevaluate procurement system and prepare a competitive bid for a new system. **The department should be prepared to discuss its procurement system. DGS should also brief the committees on any plans to review and rebid procurement systems.**

Operating Budget Recommended Actions

1. Adopt the following narrative:

Review of Facilities Operations and Maintenance: The Department of General Services (DGS) has reduced the number positions in the Facilities Operations and Maintenance program in recent years. Since fiscal 2002, maintenance and building services positions have declined by 27% at a time when there is no corresponding change in the number of buildings serviced. To offset these losses, contracting for maintenance and janitorial services has increased by 63% over the same period after adjusting for inflation. It appears that decisions concerning decreased staffing and increased use of vendors was not based on best practices or strategic planning. Rather, reductions have been made through attrition, so staffing levels have been determined by vacancies instead of facility needs. There is little standardization among DGS' different regions. DGS should examine the Facilities Operations and Maintenance budget to determine how to most effectively and efficiently provide services. DGS should prepare a report with recommendations on the most effective approach for providing services. The report should evaluate the appropriateness of using vendors for routine tasks, when using vendors is more cost effective than hiring State employees, strategies to reduce high turnover rates among State employees, and non-State salaries. The report should be completed by November 2, 2018.

Information Request	**Author**	**Due Date**
Review of State Facilities Operations and Maintenance	DGS	November 2, 2018

2. Adopt the following narrative:

Critical Maintenance and Facilities Renewal Report: The Department of General Services (DGS) is responsible for design, construction, and repair of over 900 State facilities with unknown square footage. DGS is charged with maintaining this investment. The committees are concerned that these facilities have a substantial backlog of operating critical maintenance and capital facilities renewal projects and that this backlog will require increased costs to remediate. At the end of fiscal 2017, the critical maintenance backlog totaled $39 million and the facilities renewal backlog totaled $148 million. DGS should report to the committees on the backlog and its efforts to reduce the backlog. The report should include the following for both operating critical maintenance and capital facilities renewal projects for fiscal 2018 and 2019:

- a complete list of the projects on the backlog in priority order, including estimated costs that sum to the reported aggregate total as of July 1 of each fiscal year;

- a list of new and emergency projects added during the fiscal year;
- a list of projects removed from the backlog during the fiscal year for any reason other than committed funding;
- a list of projects that the department has committed to doing during the fiscal year, which should recognize unassigned balances for potential emergencies, if applicable or for fiscal 2018 a list projects completed during the fiscal year by priority; and
- end-of-year backlog list in priority order and estimated cost.

DGS should make spreadsheets with project data showing each project's priority, department, and encumbrances. The report should be completed by November 30, 2018.

Information Request	**Author**	**Due Date**
Critical Maintenance and Facilities Renewal Report	DGS	November 30, 2018

3. Add the following language:

OFFICE OF PROCUREMENT AND LOGISTICS

H00D01.01 Office of Procurement and Logistics

To become available immediately upon passage of this bill to reduce the appropriation for fiscal 2018 to reflect deferred revenues that should be reverted to the General Fund.

General Fund Appropriation……………………………………..-934,328

Explanation: The Office of Legislative Audit's fiscal 2017 closeout audit identified $934,328 in surplus property revenues collected by the Department of General Services (DGS) that were retained by DGS as deferred revenues. These revenues were not being carried forward in accordance with any State statute, regulation, or policy. The auditor advises that these funds be reverted to the General Fund. This reduces general fund appropriation in the DGS budget so that corresponding amount is retained by the General Fund. DGS is authorized to process a special fund budget amendment transferring up to $934,328 into its budget to offset this reduction.

OFFICE OF REAL ESTATE

H00E01.01 Office of Real Estate Management

To become available immediately upon passage of this bill to reduce the appropriation for fiscal 2018 to reflect deferred revenues that should be reverted to the General Fund.

General Fund Appropriation……………………………………..-387,126

Explanation: The Office of Legislative Audit's fiscal 2017 closeout audit identified $387,126 in real estate brokerage fees collected by the Department of General Services (DGS) that were retained by DGS as deferred revenues. These revenues were not being carried forward in accordance with any State statute, regulation, or policy. The auditor advises that these funds be reverted to the General Fund. This reduces general fund appropriation in the DGS budget so that corresponding amount is retained by the General Fund. DGS is authorized to process a special fund budget amendment transferring up to $387,126 into its budget to offset this reduction.

Appendix 1
Current and Prior Year Budgets
Department of General Services
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2017					
Legislative Appropriation	$67,797	$4,084	$1,294	$28,665	$101,841
Deficiency Appropriation	2,186	1,558	16	0	3,759
Cost Containment	0	0	0	0	0
Budget Amendments	461	978	0	0	1,439
Reversions and Cancellations	-590	-2,473	-649	-3,786	-7,496
Actual Expenditures	**$69,854**	**$4,148**	**$661**	**$24,880**	**$99,543**
Fiscal 2018					
Legislative Appropriation	$67,373	$3,952	$1,334	$28,436	$101,094
Cost Containment	-60	0	0	0	-60
Budget Amendments	77	0	0	0	77
Working Appropriation	**$67,390**	**$3,952**	**$1,334**	**$28,436**	**$101,112**

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments. Numbers may not sum to total due to rounding.

Fiscal 2017

The Department of General Services' (DGS) actual spending in fiscal 2017 totaled $99.5 million, which is $2.3 million less than the legislative appropriation. The following deficiency appropriations added $3.8 million to the budget:

- $1,557,761 in special funds for the Office of Energy Projects and Services for conservation projects.

- $900,000 in general funds to support litigation related to canceling the State Center public-private partnership;

- $885,800 in general funds for maintenance and security costs at 100 Community Place in Crownsville. These funds support general fund agencies that moved into the facility;

- $400,000 in general funds to replace the loss of eMaryland Marketplace revenues. Funds generated by the procurement system from November 1, 2016, to June 23, 2017, were received by the Department of Information Technology (DoIT); and

- $15,837 in federal funds for the Office of Energy Projects and Services related to a one-time payout related to litigation.

Budget amendments added $460,643 in general fund and $978,247 in special fund spending. The following amendments were approved:

- the Budget Reconciliation and Financing Act of 2016 reduced general fund appropriations by $968,147 related to inappropriately spent funds identified in a closeout audit. To offset this, special funds were increased by $968,147;

- $622,151 was added to the general fund appropriation, and $10,100 was added to the special fund appropriation to support employee increments;

- $541,345 was added in general funds to support supplemental increments for sworn officers;

- $282,756 was added in general funds to provide Annual Salary Review in classification enhancements for procurement and building security staff; and

- general funds were reduced $17,462 to adjust telecommunication expenses based on usage.

Finally, reversions and cancellations totaled $7.5 million, including:

- $500,000 in general funds that the General Assembly restricted so that it can only be spent to establish a facilities conditions assessment program. DGS did not establish the program, so the funds were reverted;

- $89,602 in general funds were reverted;

- $1.2 million in special fund deficiency appropriations for the Office of Energy Projects and Services for conservation projects were canceled;

- $968,147 in cancelled special funds for eMaryland Marketplace;

- $648,706 in overbudgeted federal Medicaid funds were cancelled; and

- $3.8 million in reimbursable fund cancellations are also attributable to overbudgeting them in the legislative appropriation.

Fiscal 2018

The fiscal 2018 legislative appropriation totals $101.1 million. The following budget actions have increased the budget by $17,195:

- a budget amendment added $77,195 in general funds to support salaries and benefits for uniformed officers;

- cost containment reduced security overtime costs by $40,000 attributable to implementing a new personnel time system; and

- cost containment reduced maintenance overtime by $20,000.

Appendix 2
Audit Findings

Audit Period for Last Audit:	July 1, 2013 – May 30, 2016
Issue Date:	August 2017
Number of Findings:	6
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Office of the Secretary and Other Units

Finding 1: The auditors found that the Department of General Services (DGS) did not have adequate controls for cash receipts (in the form of checks), and noncash receipts did not have adequate controls. The auditor recommended that procedures for processing checks received (which primarily related to renewal energy reimbursements, State auction sales, and rental payments) be in accordance Comptroller's policies. The auditor also recommended that noncash credits to accounts receivable be subject to independent supervisory review and approval. The initial record of checks received should be given directly to the independent employee responsible for verifying that all collections are deposited. DGS concurs with the recommendations and has taken steps to address them.

Finding 2: DGS failed to revert $968,000 to the General Fund at the close of fiscal 2016. Accrued expenditures were also improperly recorded. DGS concurs with these findings. The Budget and Reconciliation Financing Act of 2016 required DGS to revert $968,000, as discussed in Appendix 1. DGS has agreed to comply with the Comptroller's closing instructions.

Finding 3: DGS lacked sufficient controls to ensure that all disbursement transactions for commodity purchases were independently approved and that all commodities purchased were received. While testing procurement documentation, the auditors could not find the required receiving documents for $886,000 in commodity procurements. The auditor recommends that DGS establish independent online approval requirements for critical disbursement transactions, or if DGS elects to use an alternative approval process, comply with applicable procedures recommended by the Department of Information Technology. In addition, the auditor recommends that DGS use appropriate Financial Management Information System payment methods to ensure that invoices are matched with corresponding receiving reports prior to payment. The auditor also recommends that DGS investigate that commodities related to the $886,000 in procurements were received.

Finding 4: DGS awarded multiple roof repair and replacement contracts to a single contractor without soliciting bids. One contractor received 27 contracts totaling $1 million, with each ranging from $15,000 to $50,000. According to procurement regulations, contracts in excess of $15,000 require a written solicitation posted on eMaryland Marketplace for at least three days before responsive bids from two vendors are due. The auditor recommends that DGS comply with procurement regulations. DGS concurs and has made staffing changes. The department has also sampled small procurements, which found no evidence that this problem is persisting.

Finding 5: DGS receives rebates from real estate brokers contracted on behalf of State agencies. The department did not maintain independent records and relied on these contractors to calculate and submit rebates. The auditor recommends that DGS maintain independent records and establish monitoring procedures to ensure that all rebates due are received. DGS concurs with the recommendations and has taken steps to address them.

Finding 6: Adjustments to employee pay and leave balances were not subject to independent supervisory review and approval. At the end of the audit period, DGS began processing payroll through the Department of Budget and Management's (DBM) new Statewide Personnel System. In a six-month period, this added approximately $128,000 to employee pay. The auditor recommends that manual listings of payroll adjustments submitted to DBM first be approved by independent supervisory personnel and that supervisory personnel verify output reports, at least on a test basis. DGS concurs with the recommendations and has taken steps to address them.

Appendix 3
Object/Fund Difference Report
Department of General Services

Object/Fund	FY 17 Actual	FY 18 Working Appropriation	FY 19 Allowance	FY 18 - FY 19 Amount Change	Percent Change
Positions					
01 Regular	581.00	581.00	581.00	0.00	0%
02 Contractual	21.77	22.93	22.93	0.00	0%
Total Positions	**602.77**	**603.93**	**603.93**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 45,535,691	$ 47,079,407	$ 47,754,091	$ 674,684	1.4%
02 Technical and Spec. Fees	1,088,522	1,129,912	1,062,544	-67,368	-6.0%
03 Communication	830,248	1,027,938	1,056,036	28,098	2.7%
04 Travel	30,687	36,897	36,800	-97	-0.3%
06 Fuel and Utilities	14,363,001	15,866,561	14,707,411	-1,159,150	-7.3%
07 Motor Vehicles	1,353,772	1,409,786	1,455,286	45,500	3.2%
08 Contractual Services	19,935,957	19,493,679	20,300,234	806,555	4.1%
09 Supplies and Materials	1,370,581	1,264,885	1,309,879	44,994	3.6%
10 Equipment – Replacement	1,069,600	0	0	0	0.0%
11 Equipment – Additional	268,600	12,000	0	-12,000	-100.0%
12 Grants, Subsidies, and Contributions	1,367,000	367,000	367,000	0	0%
13 Fixed Charges	4,277,854	4,078,076	4,188,762	110,686	2.7%
14 Land and Structures	8,051,082	9,345,427	9,102,350	-243,077	-2.6%
Total Objects	**$ 99,542,595**	**$ 101,111,568**	**$ 101,340,393**	**$ 228,825**	**0.2%**
Funds					
01 General Fund	$ 69,853,836	$ 67,390,065	$ 66,180,052	-$ 1,210,013	-1.8%
03 Special Fund	4,147,689	3,951,547	4,469,974	518,427	13.1%
05 Federal Fund	661,455	1,333,686	1,335,621	1,935	0.1%
09 Reimbursable Fund	24,879,615	28,436,270	29,354,746	918,476	3.2%
Total Funds	**$ 99,542,595**	**$ 101,111,568**	**$ 101,340,393**	**$ 228,825**	**0.2%**

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 4
Fiscal Summary
Department of General Services

Program/Unit	FY 17 Actual	FY 18 Wrk Approp	FY 19 Allowance	Change	FY 18 - FY 19 % Change
0A Department of General Services	$ 4,791,165	$ 3,826,808	$ 3,851,455	$ 24,647	0.6%
0B Office of Facilities Security	14,127,622	13,667,885	14,072,214	404,329	3.0%
0C Office of Facilities Operation and Management	53,564,786	54,838,593	54,024,336	-814,257	-1.5%
0D Office of Services and Logistics	6,396,569	8,331,132	9,464,981	1,133,849	13.6%
0E Office of Real Estate	2,515,402	2,553,934	2,493,560	-60,374	-2.4%
0G Office of Facilities Planning, Design and Construction	18,147,051	17,893,216	17,433,847	-459,369	-2.6%
Total Expenditures	**$ 99,542,595**	**$ 101,111,568**	**$ 101,340,393**	**$ 228,825**	**0.2%**
General Fund	$ 69,853,836	$ 67,390,065	$ 66,180,052	-$ 1,210,013	-1.8%
Special Fund	4,147,689	3,951,547	4,469,974	518,427	13.1%
Federal Fund	661,455	1,333,686	1,335,621	1,935	0.1%
Total Appropriations	**$ 74,662,980**	**$ 72,675,298**	**$ 71,985,647**	**-$ 689,651**	**-0.9%**
Reimbursable Fund	$ 24,879,615	$ 28,436,270	$ 29,354,746	$ 918,476	3.2%
Total Funds	**$ 99,542,595**	**$ 101,111,568**	**$ 101,340,393**	**$ 228,825**	**0.2%**

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.