

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 348 (The Speaker) (Administration)  
Commerce and Government Matters                      Referred to Budget & Taxation & Finance

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Department of Budget and Management

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This amended Administration bill renames the Department of Budget and Fiscal Planning as the Department of Budget and Management (DBM) and abolishes the Department of Personnel (DOP) as an independent unit within the Executive Branch. DBM is responsible for managing the personnel functions formerly handled by DOP and the Secretary of DBM assumes the former responsibilities of the Secretary of Personnel. In addition, the bill transfers the telecommunications functions of the Executive Branch, including the Governor's Advisory Board for Telecommunication Relay, from the Department of General Services to DBM.

The bill alters provisions relating to the Chief of Information Technology by providing that the Chief will be appointed by the Secretary of DBM and by repealing a provision prohibiting the Chief from having any operating responsibilities for information technology functions.

Employees in positions which are eliminated by the reorganization and who are not transferred to other State employment are terminated and are not eligible for layoff rights. The bill is effective July 1, 1996.

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Fiscal Summary

**State Effect:** The Governor's proposed FY 1997 budget reflects a general fund expenditure reduction of about \$659,000 and a special fund expenditure increase of \$39,800 to reflect the reorganization of State government provided by this bill. Since there is no contingency language in the budget, these expenditure adjustments are not contingent upon the enactment of this bill. In relation to the budget, general fund expenditures would decrease by \$20,000 in FY 1997. In addition, the State will incur a one-time \$35,000 expense for unemployment insurance.

**Local Effect:** None.

**Small Business Effect:** The Administration has determined that this bill has minimal or no

impact on small business (attached). Fiscal Services concurs with this assessment.

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## Fiscal Analysis

**State Effect:** After the reorganization, the Department of Budget and Management (DBM) will have a staff of 373 and a fiscal 1997 budget of about \$27.7 million (\$21.1 million in general funds and \$6.6 million in special funds.) This budget reflects the \$18.1 million allowance for the Department of Budget and Fiscal Planning (DBFP), the \$1.8 million allowance for the Department of Personnel (DOP), and the \$6.6 million allowance for the Office of Telecommunications in the Department of General Services.

This reorganization will create efficiencies by reducing administrative overhead and consolidating general functions. As a result, eight positions (7.3 FTE's) will be eliminated from DBFP and 10 positions (10 FTE's) will be eliminated from DOP. These position eliminations will reduce general fund expenditures by about \$619,200 in fiscal 1997. This figure reflects salaries of \$472,307, fringe benefits, and a three-month start-up delay. The Governor's proposed fiscal 1997 budget reflects these position eliminations.

The Department of Fiscal Services (DFS) advises that the elimination of 18 positions will also reduce ongoing operating costs, such as office supplies and telephone operating expenses, by about \$20,000 in fiscal 1997. This reduction has not been included in the Governor's proposed budget.

In addition, one position formerly funded with general funds will be transferred to special funds. Therefore, general fund expenditures will decrease by about \$39,800 and special fund expenditures will increase by the same amount. This figure reflects salaries of \$30,550, fringe benefits, and ongoing operating costs, and includes a three-month start-up delay. This transfer has been included in the Governor's proposed fiscal 1997 budget.

DFS has been advised that there will be no movement of employees or additional equipment required as a result of this reorganization. However, in fiscal 1997 the State will incur a one-time expense of about \$35,000 for additional unemployment insurance.

The Code of Maryland Regulations will be revised to reflect this reorganization of State government. As a result, general fund expenditures will increase by about \$4,000. This cost will be recovered through the sale of the revised code which will generate general fund revenue of about \$4,000.

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**Information Source(s):** Department of Budget and Fiscal Planning, Department of General Services, Division of State Documents, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 23, 1996  
ncs Revised - House Third Reader - March 22, 1996  
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