

Department of Fiscal Services
 Maryland General Assembly

FISCAL NOTE

House Bill 1018 (Delegate Rosenberg)
 Commerce and Government Matters

Board of Government Innovation and Cooperation

This bill establishes an 11-member Board of Government Innovation and Cooperation.

Fiscal Summary

State Effect: General fund administrative expenditures could increase by an estimated \$43,300 in FY 1998; out-year estimates reflect annualization and 2% increases in operating costs. In addition, expenditures could increase by a potentially significant amount to provide grants to local governments. Revenues would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	43,300	58,400	59,600	60,800	62,000
Net Effect	(\$43,300)	(\$58,400)	(\$59,600)	(\$60,800)	(\$62,000)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: Revenues could increase an indeterminate amount, and expenditures could decline an indeterminate amount.

Small Business Effect: Potential minimal impact on small businesses, as discussed below.

Fiscal Analysis

Bill Summary: The Board of Government Innovation and Cooperation is responsible for identifying and analyzing unfunded State mandates on local governments and recommending to the Governor and General Assembly regarding terminating, suspending or simplifying these mandates. The board is also responsible for accepting and evaluating applications from

local governments for waivers from administrative rules and exemptions from procedural laws. The board may grant such a waiver, after holding informal hearings with the local governments and responsible State agencies, if it determines that services could be enhanced or provided more efficiently. The board is also to accept and evaluate applications from State agencies for waivers from administrative rules dealing with the State personnel system, the State procurement system, or the State accounting system.

The board must also accept and evaluate, using a specified scoring system, applications from local governments for grants to be used to: (1) develop models for innovative service budget management, not to exceed \$50,000; (2) develop a plan for intergovernmental cooperation in providing services, not to exceed \$50,000; and (3) meet the start-up costs for providing shared services or functions, not to exceed \$100,000.

State Expenditures: General fund expenditures could increase by an estimated \$43,300 in fiscal 1998, which reflects the bill's October 1, 1997 effective date. The Department of Budget and Management advises that one Executive III, two Senior Program Analysts, and one Office Secretary III are required at an annual cost of \$210,100 to staff the board and to evaluate applications from local governments and State agencies regarding waivers from administrative rules and exemptions from procedural laws. The Department of Fiscal Services advises that these responsibilities could be initiated with one Senior Program Analyst at an annual cost of \$57,300. Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% annual increases in ongoing operating expenses. If the volume and complexity of applications from local governments and State agencies warrants, the Department of Budget and Management can request the additional positions in the next budget cycle.

The Department of Budget and Management advises that annual grants of \$500,000 in fiscal 1998, increasing to \$5 million in fiscal 2001, would be provided for. The Department of Fiscal Services advises that this bill does not specify any funding source for these grants, nor any minimum or maximum amount of annual grants. In any case, it is assumed that funding for any grants would have to be provided through the normal budget process.

Local Revenues: Local revenues could increase to the extent that the board provides grants for the cooperative provision of services and for the start-up costs of such cooperation. Any such increase cannot be reliably estimated.

Local Expenditures: Local expenditures could decline to the extent that the board grants waivers from administrative rules or exemptions from procedural laws to local governments. Since the intent of this program is to achieve efficiencies in the provision of government services, it is anticipated that any waivers or exemptions granted, or any relief

provided from unfunded State mandates, would result in significant savings for local governments. The amount of any such savings cannot be reliably estimated at this time.

Small Business Effect: Local governments may apply for waivers, exemptions and grants on behalf of nonprofit organizations providing services whose costs are paid by the local governments. Thus, if a waiver, exemption or grant is provided by the board, it is anticipated that the costs of these organizations would decline.

Information Source(s): Department of Budget and Management (Council on Management and Productivity); Baltimore City; Carroll, Harford, and St. Mary's counties; Department of Fiscal Services

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