

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1046 (Delegate Rosenberg)

Appropriations

Disparity Grant Program - Implementation of Competitive Re-Engineering Pilot Project

This bill provides that any jurisdiction receiving a disparity grant of over \$10 million shall implement a competitive re-engineering program modeled after that in State law, or lose 10% of the disparity grant for which it would otherwise be eligible.

This bill is effective October 1, 1998, and sunsets September 30, 2001.

Fiscal Summary

State Effect: Potential decline in general fund expenditures. Revenues would not be affected.

Local Effect: Potential decline in revenues. Expenditures would not be directly affected.

Small Business Effect: Potential meaningful.

Fiscal Analysis

Bill Summary: This bill requires Baltimore City to implement a competitive re-engineering program in order for the City to receive the full disparity grant, which is budgeted at \$51.5 million in fiscal 1999 (Allegany will receive the next-highest disparity grant, at \$3.9 million). If the competitive re-engineering program is not implemented, Baltimore City would lose 10% of this grant, or \$5.2 million.

The competitive re-engineering program is intended to identify by December 31 of each year local governmental services which could be privatized, provided at reduced cost, for which competition is in the best interest of the county, and for which the efficiency and quality could be improved. County employees shall be given the opportunity to develop a service redesign plan for the identified services to improve or maintain the quality of the service while reducing costs. If, within six months of the identification of a targeted service, the county employees fail to propose a plan, or if the plan is rejected by the head of the relevant unit of county government, the county shall issue a request for proposals for the service. The county employees may submit a proposal and compete with the private sector.

The Legislative Auditor is to monitor compliance with the requirements of this bill, and shall notify the Comptroller if the county fails to comply with these requirements, or is unwilling to take corrective action. If the Comptroller is notified of noncompliance, or if the Comptroller determines that a county subject to these provisions fails to comply, the Comptroller shall withhold 10% of the disparity grant due.

State Expenditures: Should Baltimore City not develop a compliant competitive re-engineering program, general fund expenditures could decline by approximately \$5 million for each year of noncompliance, until the sunset of this bill in fiscal 2002.

Local Revenues: Should Baltimore City not develop a compliant competitive re-engineering program, revenues could decline by approximately \$5 million for each year of noncompliance, until the sunset of this bill in fiscal 2002.

Local Expenditures: Baltimore City expenditures could decline if City employees can provide current services at reduced costs, or if private businesses are able to do so. The expenditure reduction, if any, cannot be reliably estimated at this time. In any case, expenditures should not increase.

Small Business Effect: If small businesses are able to successfully bid for the provision of identified services, revenues for these businesses could increase. The amount of increased revenue, if any, depends on the particular services successfully bid for, and cannot be reliably estimated at this time.

Information Source(s): Baltimore City, Department of Budget and Management,
Department of Legislative Services

Fiscal Note History: First Reader - March 3, 1998

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