

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

House Bill 373 (Delegates Morhaim and Taylor)

Commerce and Government Matters

Quality of Life Indicators and the Portrait of a Robust Maryland

This bill establishes a 13-member advisory committee on Quality of Life Indicators in the Office of Planning, describes the composition and terms of the advisory committee, and directs the advisory committee to develop a Portrait of a Robust Maryland and quality of life indicators to measure the impact of legal, social, economic, and environmental changes on the quality of life of Maryland citizens.

The bill sunsets on September 30, 2010.

Fiscal Summary

State Effect: General fund expenditure increase of \$108,500 in FY 2001 to staff the advisory committee and develop the portrait and indicators. Future year estimates are annualized, adjusted for inflation, and reflect ongoing expenditures, including a contractual employee through FY 2002. No effect on revenues.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	108,500	126,000	105,200	110,200	115,400
Net Effect	(\$108,500)	(\$126,000)	(\$105,200)	(\$110,200)	(\$115,400)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill directs the advisory committee to develop a Portrait of a Robust Maryland that captures and embodies what Maryland citizens envision and seek as a life of quality and to hold public hearings to solicit suggestions by citizens on procedures to be used and items to be included in developing the portrait. The bill directs the advisory committee to maintain and update the portrait as appropriate. The bill identifies specific values for which the advisory committee is required to develop goals to include in the portrait and directs the advisory committee to develop indicators to measure progress in achieving those goals. The advisory committee must hold public hearings annually in various locations around the State to solicit suggestions by local citizens for appropriate indicators to be included.

The bill directs the Office of Planning to use the portrait and indicators to measure the impact of legal, economic, social, and environmental changes on quality of life in the State and report annually on or before October 1 to the Governor and the General Assembly on the impact of such changes and the progress and activities of the advisory committee. The bill requires that the advisory committee consult with the Department of Legislative Services on or before October 1, 2002, to determine the feasibility of evaluating the impact on the indicators of administration and departmental legislation, proposed and emergency regulations, proposed State loans and grants, and proposed State tax exemptions and credits.

Although the bill's codified and uncodified provisions are inconsistent with respect to the deadlines for developing the portrait and indicators, it is assumed that the bill:

- requires the advisory committee to develop an initial draft of the portrait and report its contents to the Governor and the General Assembly on or before June 30, 2001;
- authorizes the General Assembly to review and comment on the draft on or before September 30, 2001;
- requires the advisory committee to develop an initial draft of the indicators on or before December 15, 2001;
- authorizes the General Assembly to review and comment on the draft on or before April 15, 2002; and
- requires the advisory committee to develop a fully functioning portrait and an initial set of indicators on or before July 1, 2002.

Current Law: No such advisory committee exists in statute.

Background: The stated purpose of the bill is to appropriately measure changes to quality of life in the State by developing a Portrait of a Robust Maryland that captures and embodies the goals of improving the State's quality of life, which the Executive and Legislative branches of State government are endeavoring to achieve in administering the State government and in developing policies, legislation, regulations, and programs.

Economic progress in the United States is generally measured by the Gross Domestic Product

(GDP), an indicator that measures market activity. In recent years, there has been some activity at the federal, state, regional, and local levels to create a more comprehensive measure of growth to better reflect progress towards specified goals. At the federal level, this concept was addressed through efforts to “green” the national accounts by incorporating changes in environmental quality and natural resource reserves. A non-profit organization, Redefining Progress, has developed a Genuine Progress Indicator (GPI) which is based on the GDP. The GPI aims to measure the net benefits of spending by adding to or subtracting from the GDP to account for the actual impact of spending on specified goals and values. It also incorporates values for items not captured by the GDP, such as the value of volunteer work.

Minnesota’s Economic for Lasting Progress project used the GPI to create a Minnesota progress indicator. Minnesota’s indicator is an aggregation of 42 economic, environmental, and community measures and is viewed as an initial step toward integrating environmental, economic, and community information in a way that can help citizens and policymakers view the state’s progress from a more comprehensive perspective.

The Department of Business and Economic Development (DBED) uses several indicators to monitor the State’s economy. The Department of Budget and Management has also developed a set of indicators to measure progress of State programs (Managing for Results).

State Expenditures: General fund expenditures could increase by an estimated \$108,500 in fiscal 2001, which accounts for the bill’s October 1, 2000, effective date. This estimate reflects the cost of hiring two planners and one contractual employee to staff the advisory committee, develop the portrait and indicators, and meet the other duties of the committee. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$97,700
Equipment (computers, furniture)	9,000
Other Operating Expenses	<u>1,800</u>
Total FY 2001 State Expenditures	\$108,500

Any expense reimbursements for advisory council members are assumed to be minimal and absorbable within existing budgeted resources.

Future year expenditures reflect: (1) full salaries with 4.5% annual increases and 3% employee turnover for permanent employees; (2) a 2.4% annual increase for the contractual employee; and (3) 1% annual increases in ongoing operating expenses. Because the portrait and initial set of indicators must be developed by July 1, 2002, it is assumed that after that date two planners could perform the ongoing functions required by the bill (updating the portrait and indicators, holding hearings, submitting reports, and using the portrait and indicators to measure the impact of legal, economic, social, and environmental changes on

quality of life in the State).

Legislative Services advises, however, that depending on the number and complexity of indicators developed, it is possible that the Office of Planning could need additional resources in order to measure the impacts of changes on quality of life as required by the bill.

Legislative Services also advises that if it is determined that the indicators should and can be used to evaluate and measure the impact of proposed legislation, regulations, loans, and grants, the Department of Legislative Services may need additional resources to incorporate statements prepared by other State agencies into its analyses. Legislative Services also advises that if such analyses are required, DBED, the Comptroller, and the sponsoring entities or units of government may need additional resources to prepare statements on the impact of proposed legislation, regulations, and loans and grants on the quality of life indicators.

Additional Information

Prior Introductions: None.

Cross File: SB 409 (Senator Sfikas) - Economic and Environmental Affairs.

Information Source(s): Office of Planning, Department of Business and Economic Development, Congressional Budget Office, Minnesota Planning, Redefining Progress, GPI Atlantic, Department of Legislative Services

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