

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

House Bill 904
Appropriations

(Delegate Rosenberg)

Budget and Taxation

**State Government - Expenditure Control Program - Use of Unspent
Appropriations**

This bill provides that up to \$1 million in funds that remain unspent at the end of a fiscal year may be made available for spending in the next fiscal year and not revert to the State's general fund. The Department of Budget and Management must certify that the proposed use of the unspent or unencumbered balance is consistent with the unit's managing-for-results goals. The Department of Budget and Management must report to the General Assembly, as part of the Governor's State budget submission, on the amount of funds carried over by each unit and how those funds were expended. In addition, the Department of Budget and Management must report to the Department of Legislative Services, the Senate Budget and Taxation Committee, and the House Appropriations Committee by October 1 of the next fiscal year on the amount of funds approved to be carried over by units of State government.

The bill takes effect July 1, 2001 and sunsets June 30, 2004.

Fiscal Summary

State Effect: Overall State expenditures would not be affected. The use of any unspent appropriations retained by State agencies must be spent in accordance with their managing-for-results goals.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: At the end of a fiscal year, any unspent State general funds appropriated to a unit of State government revert to the State's general fund.

Background: In fiscal 1999, \$17.7 million in general funds for State agencies reverted to the State's general fund and added to the starting general fund balance for fiscal 2000. In fiscal 2000, \$16.5 million reverted to the State's general fund and added to the starting general fund balance for fiscal 2001. Approximately \$25 million is estimated annually for potential reversions at the end of the fiscal year. For fiscal 2002 the Administration assumed \$50 million in general fund reversions.

The General Assembly approved a two-year pilot program in 1995 that allowed a limited number of agencies to have this authority. The pilot program expired in 1997. Under the pilot program, the Department of Public Safety and Correctional Services retained \$400,000 and implemented a quality case review program at Central Booking in Baltimore, resulting in avoidance of \$1.8 million annually in inmate-related costs. DHMH upgraded technology, funded an after school program in Baltimore City Public Schools, and purchased preventive materials for occupational injuries. Finally, MHEC was able to use carry over funds to qualify for a federal matching grant for the College Preparation Intervention Program to extend the program one more year.

Managing for Results

In 1997 the Governor's Office issued the Managing for Results Guidebook to help State agencies in their efforts to conduct strategic planning and develop indicators to evaluate program results. Beginning with fiscal 1999, the Department of Budget and Management has required State agencies to incorporate information derived from the Managing for Results initiative into their budget requests. By fiscal 2001 State agencies must report their mission, goals, performance indicators, and related measurement data. Managing for Results is intended to lead to improved State agency accountability. Agency results-based plans and program performance data are to be considered when making decisions about statewide plans and spending priorities, and resource allocation in State agency budgets.

State Fiscal Effect: Up to \$1 million could be retained by State agencies for use in the succeeding fiscal year. This would reduce the starting general fund balance for fiscal 2003 by \$1 million. Overall State expenditures would not be affected in fiscal 2003; however, the Governor would not be able to appropriate the \$1 million retained by State agencies. The use of these funds would be determined by State agencies in accordance with their managing-for-results goals.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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Analysis by: Hiram L. Burch, Jr.

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510