

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1263
Appropriations

(Delegate Madaleno, *et al.*)

State Budget - Modifications - Reporting

This bill requires the Department of Budget and Management (DBM) to include in the State budget books a separate listing of all changes in policy or administration that will reduce funding and services at six State agencies.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: None. Any additional workload requirements could be handled with existing DBM staff.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: Specifically, the State budget books must include: (1) for the current fiscal year, a summary of all changes that reduce funding or services below the levels authorized in the State budget for the fiscal year, as originally enacted by the General Assembly; and (2) for the next fiscal year, a summary of all proposed actions that will reduce funding or services below the levels authorized in the State budget for the current fiscal year, as originally enacted by the General Assembly. This requirement applies to programs and services provided by the following State agencies:

- Department of Business and Economic Development (DBED);

- Maryland State Department of Education (MSDE);
- Department of Health and Mental Hygiene (DHMH);
- Department of Housing and Community Development (DHCD);
- Department of Human Resources (DHR); and
- Department of Juvenile Services (DJS).

Current Law: On submission of the budget bill to the presiding officers of the General Assembly, a copy of the State budget books must be sent to each member of the General Assembly. The budget books must contain certain information for each unit of State government by program or purpose of that unit. This information includes the number of employees, salary amounts, an itemized statement of expenditures, and the managing-for-results agency strategic plan.

Background: The Maryland State budget books for fiscal 2007 as prepared by DBM consist of three volumes on the operating budget, one volume on the capital budget, and one volume summarizing budget highlights. In total, the five-volume set contains almost 2,700 pages of information. As shown in **Exhibit 1**, State funding for the six agencies for which DBM must provide additional information pursuant to this legislation will total approximately \$15.0 billion in fiscal 2007, based on the proposed allowance. This represents approximately 50% of total State expenditures.

Exhibit 1
Proposed Fiscal 2007 State Budget Allowance
(\$ in Millions)

<u>Agency</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
DBED	\$90.0	\$51.6	\$0.7	\$142.3
MSDE	4,692.6	9.7	900.2	5,602.5
DHMH	3,583.1	368.5	3,052.0	7,003.6
DHCD	30.5	52.0	235.9	318.4
DHR	604.6	68.4	1,063.6	1,736.6
DJS	216.2	0.3	15.0	231.5
Subtotal	\$9,217.0	\$550.5	\$5,267.4	\$15,034.9
Total Budget	\$14,791.3	\$5,377.6	\$6,491.1	\$29,631.4
% of Total	62.3%	10.2%	81.1%	50.7%

State Fiscal Effect: DBM advises that the required information is already available to the Department of Legislative Services and to compile this information in the State

budget books would result in an additional volume totaling 300 pages. Furthermore, publishing this information could increase general fund expenditures by an estimated \$108,200 in fiscal 2007, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring one fiscal administrator to coordinate the data collection process and one contractual clerical staff to collate and format the information for printing. It includes salaries, fringe benefits, and ongoing operating expenses.

Salaries and Fringe Benefits	\$58,086
Contractual Expenses	45,000
Operating Expenses	<u>5,105</u>
Total FY 2007 State Expenditures	\$108,191

Legislative Services disagrees with this assessment. First, the additional budgetary information required by this bill is not readily available to legislative staff. Legislative staff must contact each individual State agency for information on any changes to policy that could affect agency operations and services. Second, with 13 budget analysts and 3 supervising budget examiners, DBM currently has adequate staffing to handle the proposed reporting requirements.

Additional Information

Prior Introductions: None.

Cross File: SB 643 (Senator Lawlah, *et al.*) – Budget and Taxation.

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

Fiscal Note History: First Reader - March 3, 2006
nas/ljm

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