

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

Senate Bill 292 (Senators Madaleno and Pugh)
Budget and Taxation

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 10 State agencies.

The bill takes effect July 1, 2007.

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fiscal year, a summary of all changes that reduce funding or services below the levels authorized in the State budget originally enacted by the General Assembly; and (2) for the next fiscal year, a summary of all proposed actions that will reduce funding or services below the levels authorized in the State budget for the current fiscal year, as originally enacted by the General Assembly. DBM must quantify each reduction in funding or services for the affected agencies.

These requirements apply to programs and services provided by the following 10 State agencies:

- Department of Aging (MDoA)
- Department of Agriculture (MDA)
- Department of Business and Economic Development (DBED)
- Maryland State Department of Education (MSDE)
- Department of the Environment (MDE)
- Department of Health and Mental Hygiene (DHMH)
- Department of Housing and Community Development (DHCD)
- Department of Human Resources (DHR)
- Department of Juvenile Services (DJS)
- Department of Natural Resources (DNR)

For purposes of this fiscal note, it is assumed that the bill would apply to the current fiscal year (legislative appropriation) and the upcoming fiscal year (allowance); thus, for the 2008 legislative session, the separate listing would apply to the fiscal 2008 legislative appropriation and the fiscal 2009 allowance.

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 2008 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 approximately 2,700 pages of information.

State funding for the 10 agencies for which DBM must provide additional information pursuant to this legislation will total \$17.1 billion in fiscal 2008, based on the proposed allowance. This represents 63.1% of total State expenditures, as shown in **Exhibit 1**.

Exhibit 1
Proposed Fiscal 2008 State Budget Allowance
(\$ in Millions)

<u>Agency</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
MDoA	\$24.2	\$0.3	\$26.2	\$50.7
MDA	32.3	96.2	6.9	135.4
DBED	77.8	50.8	0.6	129.2
MSDE	5,447.1	12.0	962.6	6,421.7
MDE	44.5	121.0	59.0	224.5
DHMH	3,737.9	440.4	3,261.9	7,440.1
DHCD	15.1	58.6	203.1	276.9
DHR	576.3	94.5	1,054.5	1,725.3
DJS	222.7	0.2	14.7	237.6
DNR	81.4	312.1	27.1	420.5
Subtotal	\$10,259.2	\$1,186.1	\$5,616.6	\$17,061.9
Total Budget	\$14,752.9	\$5,593.7	\$6,709.1	\$27,055.7
% of Total	69.5%	21.2%	83.7%	63.1%

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 400 pages. Furthermore, publishing this information could increase general fund expenditures by an estimated \$114,800 in fiscal 2008, 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. Annualized expenses would total approximately \$160,000.

Salaries and Fringe Benefits	\$59,691
Contractual Expenses	46,011
Operating Expenses	<u>9,108</u>
Total FY 2008 State Expenditures	\$114,810

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 16 budget analysts and 3 supervising budget examiners, DBM currently has adequate staffing to handle the proposed reporting requirements.

Additional Information

Prior Introductions: Similar bills were introduced at the 2006 session as SB 643/HB 1263. The Senate Budget and Taxation Committee and the House Appropriations Committee did not take any action on the bills.

Cross File: HB 530 (Delegates Jones and Barkley) – Appropriations.

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

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