

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 706

(Chair, Appropriations Committee) (By Request –
Departmental – Juvenile Services)

Appropriations

Budget and Taxation

Department of Juvenile Services - Youth Welfare Funds

This departmental bill establishes a special, nonlapsing youth welfare fund in each facility of the Department of Juvenile Services. Each youth welfare fund consists of monies derived from commissary profits, telephone and vending commissions, and money received from other sources. These funds are authorized for use in purchasing goods and services that benefit the youth in the facility.

The bill takes effect June 1, 2008.

Fiscal Summary

State Effect: The bill reflects current practice and would not materially affect State revenues or expenditures.

Local Effect: None.

Small Business Effect: DJS has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: Except as otherwise provided in law, each unit of State government is required to pay all collections, fees, income, and other revenues into depositories designated by the Treasurer. The unit must account to the Comptroller for these

revenues, who then must credit those revenues to the appropriate account specified in law.

Background: A July 2007 legislative audit found that DJS had recorded fiscal 2006 telephone and vending machine commissions of \$186,000 as special funds in violation of General Accounting Division requirements. According to the *Accounting Procedures Manual* developed by GAD, all such commissions are considered general funds unless the Board of Public Works determines otherwise. DJS was not able to document BPW approval to account for these commissions as special funds; the audit determined that the department had lacked the authority to carry these funds over to the next fiscal year.

State Revenues: DJS advises that telephone and vending machine commissions have been historically recorded as special funds, with proceeds used for recreational and other programs. The proposed fiscal 2009 State budget reflects these commissions as special funds. This bill provides statutory authority to continue to budget commissions in this manner and should not affect State finances. Should this bill fail, an estimated \$175,000 in fiscal 2008 and 2009 revenues accruing from commissions would revert to the general fund.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Juvenile Services, Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2008
mll/hlb

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