

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 109
Appropriations

(Delegates Jones and Barkley)

State Budget - Modifications - Reporting

This bill requires that the Governor's budget books include a separate section that lists, for 11 specified agencies, each programmatic reduction totaling at least \$50,000 or 5% compared with the prior year's allocation.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: None. The Department of Budget and Management (DBM) could implement the bill's provisions with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: A reduction qualifies for inclusion in the proposed section if it is a change in policy, practice, or procedure that is adopted or intended to be adopted and that results in a reduction of at least \$50,000 or 5% in units of service from the preceding fiscal year. It includes reductions that are applicable to either the current or next fiscal year.

The bill applies only to programs or services provided by:

- Maryland Department of Aging (MDoA);
- Maryland Department of Agriculture (MDA);
- Department of Business and Economic Development (DBED);
- Department of Disabilities (DoD) ;
- 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);
- Department of Juvenile Services (DJS);
- Maryland Insurance Administration (MIA); and
- Department of Natural Resources (DNR).

Current Law: In general, the Governor's budget must be in a form and with the detail that the Governor or law require. State statutes require that the budget include separate sections for the executive pay plan and for programs funded by the Cigarette Restitution Fund. The budget books must also:

- indicate the extent to which the proposed budget differs from the recommendations of the Spending Affordability Committee, and the Governor's reasons for exceeding the recommendations;
- state each source of revenue from which proposed appropriations are to be paid, and the amount expected to be generated from each source;
- provide a summary of the State's annuity bond accounts as of the end of the last fiscal year;
- include a copy of the statewide cost allocation plan filed with the federal government and the amount of reimbursement provided to each agency by the federal government; and
- contain separate sections detailing proposed appropriations for each unit of State government.

Background: The Maryland State budget books for fiscal 2009 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 2,900 pages of information.

State funding for the 11 agencies for which DBM must provide additional information pursuant to this legislation will total \$17.7 billion in fiscal 2009, based on the proposed allowance. This represents 62.4% of total State expenditures, as shown in **Exhibit 1**.

Exhibit 1
Proposed Fiscal 2009 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	\$27.8	\$52.3
MDA	35.4	63.6	16.8	115.8
DBED	72.6	68.0	4.7	145.4
DoD	3.0	0.2	1.5	4.7
MSDE	5,639.9	13.4	928.3	6,581.5
DHMH	3,910.9	569.2	3547.8	8,027.8
DHCD	14.7	62.2	226.9	303.7
DHR	608.1	68.5	1,115.4	1,792.1
DJS	265.5	0.2	11.7	277.4
MIA	0	158.0	0	158.0
DNR	64.8	186.3	28.1	279.3
Subtotal	\$10,639.1	\$1,189.9	\$5,907.4	\$17,736.4
 Total Budget	 \$15,296.5	 \$6,250.0	 \$6,900.0	 \$28,446.5
% of Total	69.6%	19.0%	85.6%	62.4%

State Fiscal Effect: With 16 budget analysts, 4 supervising budget examiners, and 4 administrators, DBM currently has adequate staffing to handle the proposed reporting requirements. DBM disagrees with Legislative Services' assessment, advising that the bill would require two full-time equivalent positions and would increase printing costs, resulting in increased general fund expenditures of \$186,100 in fiscal 2009.

Additional Information

Prior Introductions: SB 292 and HB 530, similar bills, were introduced in 2007; SB 643 and HB 1263, also similar bills, were introduced in 2006. SB 292 and SB 643 were both heard by the Senate Budget and Taxation Committee, but no further action was taken on either bill. HB 530 received an unfavorable report by the House Committee on Appropriations; HB 1263 was heard by Appropriations, but no further action was taken.

Cross File: None.

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

Fiscal Note History: First Reader - January 24, 2008
ncs/rhh

Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510