

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE

House Bill 1073 (Delegate Jones)
Appropriations

State Budget - Modifications - Reporting

This bill requires the Governor's budget books to 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, 2009.

Fiscal Summary

State Effect: General fund expenditures increase by \$108,300 in FY 2010 for one position and printing costs. Future year expenditures reflect salary increases and inflation. Revenues are not affected.

(in dollars)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	108,300	105,800	110,200	114,700	119,400
Net Effect	(\$108,300)	(\$105,800)	(\$110,200)	(\$114,700)	(\$119,400)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

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 and the Maryland Emergency Medical System Operations 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 2010 as prepared by the Department of Budget and Management (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 2,800 pages of information.

State operating funds for the 11 agencies for which DBM must provide additional information total \$18.2 billion in fiscal 2010, based on the Governor's proposed operating budget. This represents 63.4% of the total State operating budget, as shown in **Exhibit 1**.

Exhibit 1
Proposed Fiscal 2010 State Operating Budget Allowance
(\$ in Millions)

<u>Agency</u>	<u>General</u>	<u>Special</u>	<u>Federal</u>	<u>Total</u>
MDoA	\$23.4	\$0.4	\$26.4	\$50.2
MDA	32.0	54.7	6.7	93.4
DBED	62.3	49.5	1.6	113.4
DoD	3.0	0.2	2.2	5.4
MSDE	5,688.9	103.0	929.3	6,721.2
DHMH	3,585.0	741.7	4,118.7	8,445.4
DHCD	2.8	59.9	236.6	299.3
DHR	620.9	88.0	1,188.7	1,897.6
DJS	266.1	0.2	10.6	276.9
MIA	0.0	27.6	0.0	27.6
DNR	58.0	176.7	38.5	273.2
Subtotal	\$10,342.4	\$1,301.9	\$6,559.3	\$18,203.6
 Total Budget	 \$14,969.1	 \$6,097.1	 \$7,662.8	 \$28,729.0
% of Total	69.1%	21.4%	85.6%	63.4%

Source: Governor's Fiscal 2010 Budget Highlights Book

State Fiscal Effect: Given the State's fiscal difficulties, agency budgets are constrained. As part of the State's fiscal 2009 cost containment measures, DBM eliminated four positions and reduced contractual services and other costs for a total savings of \$1.1 million.

DBM advises the bill increases its expenditures by \$176,982 in fiscal 2010 to hire a new administrator and contractual employee and cover compensatory time for existing staff and printing costs. However, Legislative Services advises DBM can absorb part of the bill's requirements with existing resources.

General fund expenditures increase by \$108,316 in fiscal 2010. This estimate reflects the cost of hiring one fiscal administrator to coordinate this new effort. It includes a salary, fringe benefits, printing, one-time start-up costs, and ongoing operating expenses.

Position	1
Salary and Fringe Benefits	\$84,431
Equipment and Operating Expenses	<u>23,885</u>
Total FY 2010 State Expenditures	\$108,316

Future year expenditures reflect a full salary with 4.4% annual increases, 3% employee turnover, and 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: SB 692 and HB 109 of 2008 were similar bills. The Budget and Taxation Committee held a hearing on SB 692 and the Appropriations Committee held a hearing on HB 109, but no further action was taken on either bill. Similar legislation also had bill hearings in those committees in 2006 and 2007.

Cross File: SB 563 (Senator Madaleno, *et al.*) - Budget and Taxation.

Information Source(s): Maryland Department of Aging, Department of Business and Economic Development, Department of Disabilities, Department of Housing and Community Development, Department of Human Resources, Department of Juvenile Services, Department of Natural Resources, Maryland State Department of Education, Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - March 1, 2009
ncs/rhh

Analysis by: Amanda Mock

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

