

**Department of Legislative Services**  
 Maryland General Assembly  
 2013 Session

**FISCAL AND POLICY NOTE**

Senate Bill 831

(Senator Kasemeyer, *et al.*)

Budget and Taxation

Appropriations

**State Budget - Evidence-Based Policy Options**

This bill establishes a Committee on State Budget Evidence-Based Policy Options staffed by the Department of Legislative Services (DLS) and the Department of Budget and Management (DBM). By October 1, 2013, and annually thereafter, the committee must submit a report on its efforts to analyze State operating budget evidence-based policy options to the Governor and specified committees of the General Assembly. The committee’s initial policy analysis must address programs related to juvenile services. The Governor must give consideration to the committee’s annual report during preparation of the State operating budget.

The bill takes effect July 1, 2013.

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$126,600 in FY 2014 to hire policy analysts to staff the committee and collect necessary data. Future year expenditures reflect inflation. Revenues are not directly affected.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	126,600	122,200	127,800	133,600	139,600
Net Effect	(\$126,600)	(\$122,200)	(\$127,800)	(\$133,600)	(\$139,600)

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

**Local Effect:** The bill does not directly affect local finances.

**Small Business Effect:** None.

## Analysis

**Bill Summary:** The committee must annually (1) identify areas in the State operating budget that could benefit from an analysis of evidence-based policy options; (2) determine the policy areas in the State operating budget that should receive an analysis of evidence-based policy options; and (3) determine the data to be used as the basis for the analysis of evidence-based policy options in each policy area.

Committee members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

The committee must enter into an initial agreement with the Pew Center on the States for design and implementation of a system that analyzes evidence-based policy options. The committee is authorized to work with the Pew Center on the States on the analysis of evidence-based policy options, including entering into additional specified agreements.

**Current Law:** During preparation of the proposed State operating budget, the Governor must review the recommendations of the Spending Affordability Committee.

The Secretary of Budget and Management must continuously conduct studies on the needs of the Executive Branch and State-funded private entities. The studies of Executive Branch units must include program analyses and careful consideration of the administration, organization, functions, and duties of the units, to identify duplication or overlap. On the basis of the studies, the Secretary must report to the Governor on changes that will result in economy or efficiency or other impacts in the State's best interest, including elimination or reduction of State programs, abolition of positions, changes in procedures, and reorganization or consolidation of units. The Secretary must send a copy of each report to DLS.

### **Background:**

#### *Coalition for Evidenced-Based Policy*

The Coalition for Evidenced-Based Policy is a nonprofit, nonpartisan organization that seeks to increase government effectiveness through the use of rigorous evidence about "what works." Since 2001, the coalition has worked with congressional and federal Executive Branch officials to advance evidence-based reforms. The coalition seeks to incorporate two main reforms into government social programs (1) increased funding for rigorous evaluations and (2) strong incentives and assistance for program grantees to adopt research-proven interventions.

### *Pew Center on the States*

The Pew Charitable Trusts is an independent nonprofit organization that, among other things, provides nonpartisan reporting and research, advocacy, and technical assistance to help states deliver better results and achieve long-term fiscal health. The Pew Center on the States, a division of the Pew Charitable Trusts, operates the Results First Project which seeks to help states assess the costs and benefits of policy options and use data to make decisions based on results. The project is currently partnering with the states of Connecticut, Florida, Idaho, Illinois, Iowa, Kansas, Massachusetts, New Mexico, New York, Oregon, Texas, and Vermont.

### *Managing for Results*

DBM established the Managing for Results (MFR) program with State agencies effective with the 1998 session. MFR is a performance-oriented process through which agencies identify future goals and establish performance measures for their goals and objectives. Executive Branch agencies are required to submit MFR strategic plans to the Secretary of Budget and Management in conjunction with their annual budget submission. The Secretary of Budget and Management reviews agency strategic plans annually and considers them when making budgetary decisions. In addition, DBM must develop a State comprehensive plan, summarizing no more than 10 statewide goals and 50 to 100 performance measures that describe statewide progress toward the goals, and submit an annual report on the plan to specified committees of the General Assembly.

### *StateStat*

Chapter 7 of 2007 (HB 137) established StateStat, a performance-measurement and management tool that seeks to make State government more accountable and efficient through continuous program evaluation. At biweekly meetings, State managers meet with the Governor and his executive staff to report and answer questions on agency performance and priority initiatives. Weekly briefings are held to address identified areas of concern and formulate strategies to achieve improved performance.

### **State Expenditures:**

#### *Department of Legislative Services*

DLS general fund expenditures increase by \$45,636 in fiscal 2014 to hire a part-time policy analyst to coordinate the committee's work and collect necessary data. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	0.5
Salary and Fringe Benefits	\$38,333
Computer and Other Equipment	4,615
Other Operating Expenses	<u>2,688</u>
<b>Total FY 2014 DLS Expenditures</b>	<b>\$45,636</b>

Future year expenditures reflect annual increases and employee turnover as well as annual increases in ongoing operating expenses.

*Department of Budget and Management*

DBM general fund expenditures increase by \$80,995 in fiscal 2014 to hire a policy analyst to coordinate the committee’s work, collect necessary information, and consider evidence-based approaches during the budget preparation process. Per information from DBM, this analysis assumes that the Pew Center on the States provides DBM with free training, software, and technical assistance for one year. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1
Salary and Fringe Benefits	\$73,405
Computer and Other Equipment	4,615
Other Operating Expenses	<u>2,975</u>
<b>Total FY 2014 DBM Expenditures</b>	<b>\$80,995</b>

Future year expenditures reflect annual increases and employee turnover as well as annual increases in ongoing operating expenses.

While not required by the bill, to the extent evidence-based approaches are applied throughout State government, DBM expenditures increase, potentially significantly, for additional staff and contractual services. For contextual purposes, DBM paid the University of Baltimore \$208,000 approximately 10 years ago to help implement MFR.

**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management, Coalition for Evidence-Based Policy, Pew Charitable Trusts, Department of Legislative Services

**Fiscal Note History:** First Reader - March 7, 2013  
mlm/ljm

---

Analysis by: Amanda Mock

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