

**Department of Legislative Services**  
Maryland General Assembly  
2017 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 839

(Senator Serafini)

Budget and Taxation

Economic Matters

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**Workgroup on Categories for Funding Priorities in the Annual State Budget**

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This bill establishes a Workgroup on Categories for Funding Priorities in the Annual State Budget, staffed jointly by the Department of Budget and Management (DBM), the Comptroller's Office, and the Department of Legislative Services (DLS). The workgroup consists of representatives from each of these departments. DBM must convene the workgroup to study, evaluate, and make recommendations concerning budgeting models used by state or local governments in the United States that use well-defined service categories to set budget funding priorities and then allocate budget resources based on those established priorities. The workgroup may hold public hearings and receive testimony from the public and other interested parties, and it may retain the services of consultants. The workgroup must submit a report of its findings and recommendations to the Governor and the General Assembly by December 31, 2017.

The bill takes effect June 1, 2017, and terminates June 30, 2018.

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**Fiscal Summary**

**State Effect:** General fund expenditures may increase in FY 2018 only to the extent that the workgroup hires a consultant as authorized by the bill, but any such expenditures are at the discretion of the workgroup and, therefore, cannot be reliably estimated. DBM, the Comptroller's Office, and DLS can otherwise staff the workgroup with existing budgeted resources. No effect on revenues.

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law:** The Maryland Constitution requires the Governor to submit, and the General Assembly to pass, a balanced budget. The General Assembly cannot add spending to the budget introduced by the Governor, nor can general funds be used to restore reductions made by the General Assembly after adoption of the budget, except through an approved deficiency appropriation in the following year's budget. Generally, a budget amendment may not increase the sum of the appropriations from the general fund for all the programs of an Executive Branch unit, but a budget amendment may shift the monies within that unit.

The General Assembly can increase or add appropriations relating to the legislature or Judiciary. Through a supplementary appropriations bill, the General Assembly can also add expenditures if matched with new revenues. Through legislation, the General Assembly can mandate expenditures in the Executive budget for a subsequent fiscal year.

With the approval of the Board of Public Works, the Governor may reduce up to 25% of any appropriation that the Governor considers unnecessary or that is subject to budgetary reductions required under the budget bill approved by the General Assembly. However, the Governor may not reduce an appropriation for:

- the Legislative or Judicial branches of State government;
- payment of the principal or interest on State debt;
- public schools, including the Maryland School for the Deaf;
- the Maryland School for the Blind; or
- the salary of a public officer during the term of office.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Governor's Office; Department of Budget and Management; Comptroller's Office; Department of Legislative Services

**Fiscal Note History:** First Reader - March 6, 2017  
md/mcr Third Reader - April 4, 2017  
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