

# **Decision Document**

**House Appropriations – Full Committee  
2023 Session**

**A15000**  
**Payments to Civil Divisions of the State**

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Concur with Governor's allowance.			Concur.		

**B75A01**  
**General Assembly of Maryland**

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Concur with the budget as approved by the Legislative Policy Committee.		Concur.		

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**Department of Budget and Management – Secretary**

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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1. Adopt the following narrative:

Concur.

**Submission of Select Budget Detail:** The committees request that the Department of Budget and Management (DBM) submit complete fiscal 2025 subobject detail by program for Comptroller Objects 08 and 12 by the third Wednesday of January 2024 in an electronic format subject to the concurrence of the Department of Legislative Services.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Comptroller objects 08 and 12 budget detail	DBM	Third Wednesday of January 2024

2. Amend the following section:

Disagree.

SECTION 2. AND BE IT FURTHER ENACTED, That in order to carry out the provisions of these appropriations the Secretary of Budget and Management is authorized:

- (a) To allot all or any portion of the funds herein appropriated to the various departments, boards, commissions, officers, schools and institutions by monthly, quarterly or seasonal periods and by objects of expense ~~and may place any funds appropriated but not allotted in contingency reserve available for subsequent allotment. Upon the Secretary's own initiative or upon the request of the head of any State agency, the Secretary may authorize a change in the amount of funds so allotted.~~

The Secretary shall, before the beginning of the fiscal year, file with the Comptroller of the Treasury ~~a schedule of allotments, if any~~ a list limited to the appropriations restricted in this Act to be placed in contingency reserve. The Comptroller shall not authorize any expenditure or obligation in excess of the allotment made and any expenditure so made shall be illegal.

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	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
(b)	<del>To allot all or any portion of funds coming into the hands of any department, board, commission, officer, school and institution of the State, from sources not estimated or calculated upon in the budget.</del>				
(e) (b)	To fix the number and classes of positions, including temporary and permanent positions, or person years of authorized employment for each agency, unit, or program thereof, not inconsistent with the Public General Laws in regard to classification of positions. The Secretary shall make such determinations before the beginning of the fiscal year and shall base them on the positions or person years of employment authorized in the budget as amended by approved budgetary position actions. No payment for salaries or wages nor any request for or certification of personnel shall be made except in accordance with the Secretary's determinations. At any time during the fiscal year the Secretary may amend the number and classes of positions or person years of employment previously fixed by the Secretary; the Secretary may delegate all or part of this authority. The governing boards of public institutions of higher education shall have the authority to transfer positions between programs and campuses under each institutional board's jurisdiction without the approval of the Secretary, as provided in Section 15-105 of the Education Article.				
(d) (c)	To prescribe procedures and forms for carrying out the above provisions.				

**Explanation:** This language limits the amount of appropriations that can be placed into contingency reserve to only those items restricted by the Maryland General Assembly.

3. Amend the following section:

Disagree.

SECTION 17. AND BE IT FURTHER ENACTED, That funds appropriated to the various State agency programs and subprograms in Comptroller Objects 0152 (Health Insurance), 0154 (Retirees Health Insurance Premiums), 0175 (Workers'

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<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<p>Compensation), 0217 (Health Insurance), 0305 (DBM Paid Telecommunications), 0839 (HR Shared Services), 0874 (Office of Attorney General Administrative Fee), 0876 (DoIT IT Services Allocation), 0894 (State Personnel System Allocation), 0897 (Enterprise Budget System Allocation), and 1303 (rent paid to DGS) are to be utilized for their intended purposes only. <del>The expenditure or transfer of these funds for other purposes requires the prior approval of the Secretary of Budget and Management.</del> Notwithstanding any other provision of law, the Secretary of Budget and Management may transfer amounts appropriated in Comptroller Objects 0152, 0154, 0217, 0305, and 0876 between State departments and agencies by approved budget amendment in fiscal 2023 and fiscal 2024. All funds budgeted in or transferred to Comptroller Objects 0152 and 0154 and any funds restricted in this budget for use in the employee and retiree health insurance program that are unspent shall be credited to the fund as established in accordance with Section 2-516 of the State Personnel and Pensions Article.</p> <p><u>Further provided that each agency that receives funding in this budget in any of the restricted Comptroller Objects listed within this section shall establish within the State’s accounting system a structure of accounts to separately identify for each restricted Comptroller Object, by fund source, the legislative appropriation, monthly transactions, and final expenditures. It is the intent of the General Assembly that an accounting detail be established so that the Office of Legislative Audits may review the disposition of funds appropriated for each restricted Comptroller Object as part of each closeout audit to ensure that funds are used only for the purposes for which they are restricted and that unspent funds are reverted or canceled.</u></p> <p><b>Explanation:</b> This language pertaining to restricted objects of expenditures is amended to disallow transfers to other purposes and makes it possible for the Office of Legislative Audits to track the disposition of funds in restricted statewide subobjects.</p>				

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<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
4. Add the following section:		Concur.		

**Section XX     Executive Long-term Forecast**

SECTION XX. AND BE IT FURTHER ENACTED, That the Governor's budget books shall include a forecast of the impact of the executive budget proposal on the long-term fiscal condition of the General Fund, the Transportation Trust Fund, the Blueprint for Maryland's Future Fund, and higher education Current Unrestricted Fund accounts. This forecast shall estimate aggregate revenues, expenditures, and fund balances in each account for the fiscal year last completed, the current year, the budget year, and four years thereafter. Expenditures shall be reported at such agency, program or unit levels, or categories as may be determined appropriate after consultation with the Department of Legislative Services. A statement of major assumptions underlying the forecast shall also be provided, including but not limited to general salary increases, inflation, and growth of caseloads in significant program areas.

**Explanation:** This annual language provides for the delivery of the executive's General Fund, transportation, Blueprint for Maryland's Future Fund, and higher education forecasts and defines the conditions under which they are to be provided.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Executive forecasts	Department of Budget and Management	With submission of the Governor's Fiscal 2025 Budget Books

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5. Add the following section:

Concur.

**Section XX     Across-the-board Reductions and Higher Education**

SECTION XX. AND BE IT FURTHER ENACTED, That all across-the-board reductions applied to the Executive Branch, unless otherwise stated, shall apply to current unrestricted and general funds in the University System of Maryland, St. Mary's College of Maryland, Morgan State University, and Baltimore City Community College.

**Explanation:** This section explicitly applies reductions intended for the full Executive Branch to the University System of Maryland, St. Mary's College of Maryland, Morgan State University, and Baltimore City Community College unless their exclusion is specifically stated.

6. Add the following section:

Concur.

**Section XX     Reporting Federal Funds**

SECTION XX. AND BE IT FURTHER ENACTED, That the Governor's budget books shall include a summary statement of federal revenues by major federal program sources supporting the federal appropriations made therein along with the major assumptions underpinning the federal fund estimates. The Department of Budget and Management (DBM) shall exercise due diligence in reporting this data and ensure that they are updated as appropriate to reflect ongoing congressional action on the federal budget. In addition, DBM shall provide to the Department of Legislative Services (DLS) data for the actual, current, and budget years listing the components of each federal fund appropriation by Catalog of Federal Domestic Assistance number or equivalent detail for programs not in the catalog. Data shall be provided in an electronic format subject to the concurrence of DLS.

**Explanation:** This annual language provides for consistent reporting of federal monies received by the State.



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		<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>				
Reporting components of each federal fund appropriation	DBM	With submission of the Governor's Fiscal 2025 Budget Books				
7. Add the following section:				Concur.		
<b>Section XX    Federal Fund Spending</b>						
<u>SECTION XX. AND BE IT FURTHER ENACTED, That in the expenditure of federal funds appropriated in this budget or subsequent to the enactment of this budget by the budget amendment process:</u>						
(1)	<u>State agencies shall administer these federal funds in a manner that recognizes that federal funds are taxpayer dollars that require prudent fiscal management, careful application to the purposes for which they are directed, and strict attention to budgetary and accounting procedures established for the administration of all public funds.</u>					
(2)	<u>For fiscal 2024, except with respect to capital appropriations, to the extent consistent with federal requirements:</u>					
(a)	<u>when expenditures or encumbrances may be charged to either State or federal fund sources, federal funds shall be charged before State funds are charged except that this policy does not apply to the Department of Human Services with respect to federal Temporary Assistance for Needy Families funds to be carried forward into future years;</u>					

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(b)	<u>when additional federal funds are sought or otherwise become available in the course of the fiscal year, agencies shall consider, in consultation with the Department of Budget and Management (DBM), whether opportunities exist to use these federal revenues to support existing operations rather than to expand programs or establish new ones; and</u>					
(c)	<u>DBM shall take appropriate actions to effectively establish the provisions of this section as policies of the State with respect to the administration of federal funds by executive agencies.</u>					

**Explanation:** This annual language defines the policies under which federal funds shall be used in the State budget.

8. Add the following section:

Concur.

**Section XX     Reporting on Budget Data and Organizational Charts**

SECTION XX. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that all State departments, agencies, bureaus, commissions, boards, and other organizational units included in the State budget, including the Judiciary, shall prepare and submit items for the fiscal 2025 budget detailed by Comptroller subobject classification in accordance with instructions promulgated by the Comptroller of Maryland. The presentation of budget data in the Governor's budget books shall include object, fund, and personnel data in the manner provided for in fiscal 2024 except as indicated elsewhere in this Act; however, this may not preclude the placement of additional information into the budget books. For actual fiscal 2023 spending, the fiscal 2024 working appropriation, and the fiscal 2025 allowance, the budget detail shall be available from the Department of Budget and Management (DBM) automated data system at the subobject level by subobject codes and classifications for all agencies. To the extent possible, except for public higher education institutions, subobject expenditures shall be designated by fund for actual fiscal 2023 spending, the fiscal 2024 working appropriation, and the fiscal 2025 allowance. The agencies shall exercise due diligence in reporting this data and ensuring

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correspondence between reported position and expenditure data for the actual, current, and budget fiscal years. This data shall be made available on request and in a format subject to the concurrence of the Department of Legislative Services (DLS). Further, the expenditure of appropriations shall be reported and accounted for by the subobject classification in accordance with the instructions promulgated by the Comptroller of Maryland.

Further provided that due diligence shall be taken to accurately report full-time equivalent (FTE) counts of contractual FTEs in the budget books. For the purpose of this count, contractual FTEs are defined as those individuals having an employee-employer relationship with the State. This count shall include those individuals in higher education institutions who meet this definition but are paid with additional assistance funds.

Further provided that DBM shall provide to DLS with the allowance for each department, unit, agency, office, and institution, a one-page organizational chart in Microsoft Word or Adobe PDF format that depicts the allocation of personnel across operational and administrative activities of the entity.

Further provided that for each across-the-board reduction to appropriations or positions in the fiscal 2025 Budget Bill affecting fiscal 2024 or 2025, DBM shall allocate the reduction for each agency in a level of detail not less than the three-digit R\*Stars financial agency code and by each fund type.

Further provided that DBM shall provide to DLS special and federal fund accounting detail for the fiscal year last completed, current year, and budget year for each fund. The account detail, to be submitted with the allowance, should at a minimum provide revenue and expenditure detail, along with starting and ending balances.

Further provided that DBM shall provide to DLS by September 1, 2023, a list of subprograms used by each department, unit, agency, office, and institution, along with a brief description of the subprograms' purpose and responsibilities.

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**Explanation:** This annual language provides for consistent reporting of fiscal 2023, 2024, and 2025 budget data and provides for the submission of department, unit, agency, office, and institutions’ organizational charts to DLS with the allowance. It also requires DBM to allocate across-the-board reductions to positions or funding to ensure transparency in budget allocations.

Information Request	Author	Due Date
Agency organizational charts and special and federal fund accounting detail	DBM	With submission of the Governor’s Fiscal 2025 Budget Books
List of subprograms	DBM	September 1, 2023

9. Add the following section: Concur.

**Section XX    Interagency Agreements**

SECTION XX. AND BE IT FURTHER ENACTED, That on or before August 1, 2023, each State agency and each public institution of higher education shall report to the Department of Budget and Management (DBM) any agreements in place for any part of fiscal 2023 between State agencies and any public institution of higher education involving potential expenditures in excess of \$100,000 over the term of the agreement. Further provided that DBM shall provide direction and guidance to all State agencies and public institutions of higher education as to the procedures and specific elements of data to be reported with respect to these interagency agreements, to include at a minimum:

- (1)    a common code for each interagency agreement that specifically identifies each agreement and the fiscal year in which the agreement began;
- (2)    the starting date for each agreement;

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(3)	<u>the ending date for each agreement;</u>				
(4)	<u>a total potential expenditure, or not-to-exceed dollar amount, for the services to be rendered over the term of the agreement by any public institution of higher education to any State agency;</u>				
(5)	<u>a description of the nature of the goods and services to be provided;</u>				
(6)	<u>the total number of personnel, both full- and part-time, associated with the agreement;</u>				
(7)	<u>contact information for the agency and the public institution of higher education for the person(s) having direct oversight or knowledge of the agreement;</u>				
(8)	<u>total indirect cost recovery or facilities and administrative (F&amp;A) expenditures authorized for the agreement;</u>				
(9)	<u>the indirect cost recovery or F&amp;A rate for the agreement and brief description of how the rate was determined;</u>				
(10)	<u>actual expenditures for the most recently closed fiscal year;</u>				
(11)	<u>actual base expenditures that the indirect cost recovery or F&amp;A rate may be applied against during the most recently closed fiscal year;</u>				
(12)	<u>actual expenditures for indirect cost recovery or F&amp;A for the most recently closed fiscal year; and</u>				
(13)	<u>total authorized expenditures for any subaward(s) or subcontract(s) being used as part of the agreement and a brief description of the type of award or contract.</u>				

Further provided that DBM shall submit a consolidated report to the budget committees and the Department of Legislative Services by December 1, 2023, that contains information on all agreements between State agencies and any public institution of

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higher education involving potential expenditures in excess of \$100,000 that were in effect at any time during fiscal 2023.

Further provided that no new higher education interagency agreement with State agencies with a projected value in excess of \$500,000 may be entered into during fiscal 2024 without prior approval of the Secretary of Budget and Management.

**Explanation:** This annual language requires DBM to report on all interagency agreements between State agencies and public institutions of higher education having a total potential expenditure over the term of the agreement in excess of \$100,000. This applies only to agreements for the purchase of goods and/or services and does not apply to grants or space agreements. Further, it requires that no new higher education interagency agreement with State agencies with a projected value in excess of \$500,000 be entered into during fiscal 2024 without prior approval of the Secretary of Budget and Management.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Consolidated report on interagency agreements	DBM	December 1, 2023

10. Add the following section:

Concur.

**Section XX     Budget Amendments**

SECTION XX. AND BE IT FURTHER ENACTED, That any budget amendment to increase the total amount of special, federal, or higher education (current restricted and current unrestricted) fund appropriations, or to make reimbursable fund transfers from the Governor's Office of Crime Prevention, Youth, and Victim Services or the Maryland Department of Emergency Management made in Section 1 of this Act shall be subject to the following restrictions:

(1)     This section may not apply to budget amendments for the sole purpose of:

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(a)	<u>appropriating funds available as a result of the award of federal disaster assistance; and</u>				
(b)	<u>transferring funds from the State Reserve Fund – Economic Development Opportunities Account for projects approved by the Legislative Policy Committee (LPC).</u>				
(2)	<u>Budget amendments increasing total appropriations in any fund account by \$100,000 or more may not be approved by the Governor until:</u>				
(a)	<u>that amendment has been submitted to the Department of Legislative Services (DLS); and</u>				
(b)	<u>the budget committees or LPC has considered the amendment or 45 days have elapsed from the date of submission of the amendment. Each amendment submitted to DLS shall include a statement of the amount, sources of funds and purposes of the amendment, and a summary of the impact on regular position or contractual full-time equivalent payroll requirements.</u>				
(3)	<u>Unless permitted by the budget bill or the accompanying supporting documentation or by any other authorizing legislation, and notwithstanding the provisions of Section 3-216 of the Transportation Article, a budget amendment may not:</u>				
(a)	<u>restore funds for items or purposes specifically denied by the General Assembly;</u>				
(b)	<u>fund a capital project not authorized by the General Assembly provided, however, that subject to provisions of the Transportation Article, projects of the Maryland Department of Transportation (MDOT) shall be restricted as provided in Section 1 of this Act;</u>				

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(c)	<u>increase the scope of a capital project by an amount 7.5% or more over the approved estimate or 5.0% or more over the net square footage of the approved project until the amendment has been submitted to DLS, and the budget committees have considered and offered comment to the Governor, or 45 days have elapsed from the date of submission of the amendment. This provision does not apply to MDOT; and</u>				
(d)	<u>provide for the additional appropriation of special, federal, or higher education funds of more than \$100,000 for the reclassification of a position or positions.</u>				
(4)	<u>A budget may not be amended to increase a federal fund appropriation by \$100,000 or more unless documentation evidencing the increase in funds is provided with the amendment and fund availability is certified by the Secretary of Budget and Management.</u>				
(5)	<u>No expenditure or contractual obligation of funds authorized by a proposed budget amendment may be made prior to approval of that amendment by the Governor.</u>				
(6)	<u>Notwithstanding the provisions of this section, any federal, special, or higher education fund appropriation may be increased by budget amendment upon a declaration by the Board of Public Works that the amendment is essential to maintaining public safety, health, or welfare, including protecting the environment or the economic welfare of the State.</u>				
(7)	<u>Budget amendments for new major information technology projects, as defined by Sections 3A-301 and 3A-302 of the State Finance and Procurement Article, must include an Information Technology Project Request, as defined in Section 3A-308 of the State Finance and Procurement Article.</u>				
(8)	<u>Further provided that the fiscal 2024 appropriation detail as shown in the Governor's budget books submitted to the General Assembly in January 2024</u>				



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and the supporting electronic detail may not include appropriations for budget amendments that have not been signed by the Governor, exclusive of the MDOT pay-as-you-go capital program.

- (9) Further provided that it is the policy of the State to recognize and appropriate additional special, higher education, and federal revenues in the budget bill as approved by the General Assembly. Further provided that for the fiscal 2024 allowance, the Department of Budget and Management shall continue policies and procedures to minimize reliance on budget amendments for appropriations that could be included in a deficiency appropriation.

**Explanation:** This annual language defines the process under which budget amendments may be used.

11. Add the following section:

Concur.

**Section XX Maintenance of Accounting Systems**

SECTION XX. AND BE IT FURTHER ENACTED, That:

- (1) The Secretary of Health shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2023 in program M00Q01.03 Medical Care Provider Reimbursements and M00Q01.10 Medicaid Behavioral Health Provider Reimbursements have been disbursed for services provided in that fiscal year and shall prepare and submit the monthly reports by fund type required under this section for that program.
- (2) The State Superintendent of Schools shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2023 to program R00A02.07 Students With Disabilities for nonpublic placements have been disbursed for services provided in that fiscal year and to prepare monthly reports as required under this section for that program.

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(3)	<u>The Secretary of Human Services shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2023 in program N00G00.01 Foster Care Maintenance Payments have been disbursed for services provided in that fiscal year, including detail by placement type for the average monthly caseload, average monthly cost per case, and the total expended for each foster care program, and to prepare the monthly reports required under this section for that program.</u>				
(4)	<u>For the programs specified, reports must indicate by fund type total appropriations for fiscal 2023 and total disbursements for services provided during that fiscal year up through the last day of the second month preceding the date on which the report is to be submitted and a comparison to data applicable to those periods in the preceding fiscal year.</u>				
(5)	<u>Reports shall be submitted to the budget committees, the Department of Legislative Services, the Department of Budget and Management, and the Comptroller beginning August 15, 2023, and submitted on a monthly basis thereafter.</u>				
(6)	<u>It is the intent of the General Assembly that general funds appropriated for fiscal 2023 to the programs specified that have not been disbursed within a reasonable period, not to exceed 12 months from the end of the fiscal year, shall revert.</u>				

**Explanation:** This annual language requires the maintenance of accounting systems for certain programs, states the intent of the General Assembly that general funds not disbursed be reverted, and requires reporting of disbursements by the Maryland Department of Health (MDH), the Maryland State Department of Education (MSDE), and the Department of Human Services (DHS).

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<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>			
Report on appropriations and disbursements in M00Q01.03, M00Q01.10, R00A02.07, and N00G00.01	MDH MSDE DHS	August 15, 2023, and monthly thereafter			

12. Add the following section:

Concur.

**Section XX Competitive Grant Applications**

SECTION XX. AND BE IT FURTHER ENACTED, That, as the Infrastructure Investment and Jobs Act and the Inflation Reduction Act each make billions of dollars of federal grant funds available to states and other entities on a competitive basis, it is the intent of the General Assembly that State agencies aggressively pursue funding opportunities that align with the goals of the State. The General Assembly notes that many of the grant opportunities require the commitment of State matching funds and asks that agencies notify the budget committees at least ten days prior to submitting the application if the receipt of the grant will require the allocation of additional State resources to the agency in fiscal 2024 or future years. The submission should include a brief description of the opportunity, the amount of federal funds the State is seeking, and the required State match.

Further provided that on a quarterly basis beginning July 1, 2023, the committees request a report from the Department of Budget and Management summarizing all of the competitive grants the State has applied for, the status of the application, and any state match that is required by the grant.

**Explanation:** The Infrastructure Investment and Jobs Act and the Inflation Reduction Act each make billions of dollars of federal grant funds available to states and other entities on a competitive basis. There is limited legislative oversight on these funding opportunities and the impact they may have on future commitment of State resources. This language establishes a process for legislative review and tracking of competitive grant opportunities prior to the commitment of State funds.

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<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>				
Notice of competitive grant application requiring State match	DBM All State agencies	10 days prior to submission of grant application				
Competitive grant application summary reports	DBM	July 1, 2023 October 1, 2023 January 1, 2024 April 1, 2024				

**F10A02**  
**Department of Budget and Management – Personnel**

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1. Adopt the following narrative:

Concur.

**Health Insurance Account Closeout Report:** The committees request a report on the fiscal 2023 closeout of the Employee and Retiree Health Insurance Account. This report shall include (1) closing fiscal 2023 fund balance; (2) actual provider payments due in the fiscal year broken out by medical payments for active employees, medical payments for non-Medicare-eligible retirees, medical payments for Medicare-eligible retirees, prescription drug payments for active employees, prescription drug payments for non-Medicare-eligible retirees, and prescription drug payments for Medicare-eligible retirees; (3) State employee and retiree contributions, broken out by active employees, non-Medicare-eligible retirees, and Medicare-eligible retirees; (4) an accounting of rebates, recoveries, and other costs, broken out into rebates, recoveries, and other costs associated with active employees, non-Medicare-eligible retirees, and Medicare-eligible retirees; (5) any closeout transactions processed after the fiscal year ended; and (6) actual incurred but not received costs.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on fiscal 2023 closeout data for the Employee and Retiree Health Insurance Account	Department of Budget and Management	October 1, 2023

2. Adopt the following narrative:

Concur.

**Quarterly Medical, Dental, and Prescription Plan Performance:** In recent years, the State has implemented different strategies to contain medical and prescription costs. The budget committees request that the Department of Budget and Management (DBM) submit quarterly reports on plan performance of the State's prescription, medical, and dental plans.

- Medical and dental reports should provide utilization and cost data broken out by plans as well as actives, non-Medicare-eligible retirees, and Medicare-eligible retirees. The reports should include utilization per 1,000 plan

**F10A02**  
**Department of Budget and Management – Personnel**

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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participants; unit cost and per member costs for hospital inpatient services; hospital outpatient services; professional inpatient services; professional outpatient services; and ancillary services, provided by the State's health plans.

- Prescription reports should provide information on the highest cost prescription drugs by category of treatment; the prescription drugs accounting for the largest increases in drug spending; the top 25 most costly individual prescription drugs in generic, brand, biologics, and specialty drug categories; recent drug patent expirations; and upcoming new drug patent approvals. Additionally, the reports should include data on the cost drivers and drug trends by actives, non-Medicare retirees, and Medicare retirees.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Quarterly State medical, dental, and prescription drug plan performance reports	DBM	September 15, 2023 December 15, 2023 March 15, 2024 June 15, 2024

3. Adopt the following narrative:

Concur.

**Progress Report on Reducing the Vacancy Rate:** The budget committees are interested in tracking the administration's progress in reducing the State's vacancy rate by half. The Department of Budget and Management (DBM) should provide an update to the committees detailing:

- progress made toward reducing the vacancy rate;
- the status of the planned salary competitiveness survey; and
- steps that DBM has taken or plans to take to improve State recruitment and retention of employees.

**F10A02**  
**Department of Budget and Management – Personnel**

		<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
Information Request	Author	Due Date					
Progress in recruitment and retention of State employees	DBM	December 1, 2023					
4. Add the following language:				Concur.			
<u>Provided that the Department of Budget and Management (DBM) may not process a budget amendment transferring any portion of the funding to support the 2% cost-of-living adjustment (COLA) prior to January 1, 2024.</u>							
<u>It is the intent of the General Assembly that the funds to support the COLA are transferred only to those agencies that have made progress in filling vacant positions and require funding to provide the COLA.</u>							
<b>Explanation:</b> Personnel costs are overfunded by approximately \$271 million based on the current vacancy and turnover rates, which will result in significant personnel cost savings. This language would delay the transfer of funds for a salary increase and express the intent of the General Assembly that funds are only provided to agencies that make progress in filling vacant positions.							
5. Reduce the fiscal 2023 deficiency appropriation for the November 2022 4.5% cost-of-living adjustment in the Statewide Program because the cost is incorrectly estimated.		-\$ 42,000,000	GF	Concur.			
6. Reduce the deficiency appropriation in the Statewide Program due to the overestimation of fiscal 2023 statewide salary action costs.		-\$ 10,692,130	GF	Concur.			
7. Reduce the deficiency appropriation for the 4.5% cost-of-living adjustment that is unneeded due savings in agency budgets from the large number of vacant positions.		-\$ 25,000,000	GF	Concur.			

**F10A02**  
**Department of Budget and Management – Personnel**

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response</u>	<u>Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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8. Add the following section:

Concur.

**Section XX     Injured Workers’ Insurance Fund Accounts**

SECTION XX. AND BE IT FURTHER ENACTED, That the General Accounting Division of the Comptroller of Maryland shall establish a subsidiary ledger control account to debit all State agency funds budgeted under subobject 0175 (Workers’ Compensation) and to credit all payments disbursed to the Injured Workers’ Insurance Fund (IWIF) via transmittal. The control account shall also record all funds withdrawn from IWIF and returned to the State and subsequently transferred to the General Fund. IWIF shall submit monthly reports to the Department of Legislative Services concerning the status of the account.

**Explanation:** This section provides continuation of a system to track workers’ compensation payments to IWIF for payments of claims, current expenses, and funded liability for incurred losses by the State.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on the status of ledger control account	IWIF	Monthly beginning July 1, 2023

9. Add the following section:

Concur.

**Section XX     The “Rule of 100”**

SECTION XX. AND BE IT FURTHER ENACTED, That the Board of Public Works (BPW), in exercising its authority to create additional positions pursuant to Section 7-236 of the State Finance and Procurement Article, may authorize during the fiscal year no more than 100 positions in excess of the total number of authorized State positions on July 1, 2023, as determined by the Secretary of Budget and Management. Provided, however, that if the imposition of this ceiling causes undue hardship in any department, agency, board, or commission, additional positions may be created for that affected unit to the extent that an equal number of positions



**F10A02**  
**Department of Budget and Management – Personnel**

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<p><u>authorized by the General Assembly for the fiscal year are abolished in that unit or in other units of State government. It is further provided that the limit of 100 does not apply to any position that may be created in conformance with specific manpower statutes that may be enacted by the State or federal government nor to any positions created to implement block grant actions or to implement a program reflecting fundamental changes in federal/State relationships. Notwithstanding anything contained in this section, BPW may authorize additional positions to meet public emergencies resulting from an act of God and violent acts of man that are necessary to protect the health and safety of the people of Maryland.</u></p>				
<p><u>BPW may authorize the creation of additional positions within the Executive Branch provided that 1.25 contractual full-time equivalents (FTE) are abolished for each regular position authorized and that there be no increase in agency funds in the current budget and the next two subsequent budgets as the result of this action. It is the intent of the General Assembly that priority is given to converting individuals that have been in contractual FTEs for at least two years. Any position created by this method may not be counted within the limitation of 100 under this section. The numerical limitation on the creation of positions by BPW established in this section may not apply to positions entirely supported by funds from federal or other non-State sources so long as both the appointing authority for the position and the Secretary of Budget and Management certify for each position created under this exception that:</u></p>				
<p>(1) <u>funds are available from non-State sources for each position established under this exception; and</u></p>				
<p>(2) <u>any positions created will be abolished in the event that non-State funds are no longer available. The Secretary of Budget and Management shall certify and report to the General Assembly by June 30, 2024, the status of positions created with non-State funding sources during fiscal 2021 through 2024 under this provision as remaining, authorized, or abolished due to the discontinuation of funds.</u></p>				

**F10A02**  
**Department of Budget and Management – Personnel**

<u><b>Amount Change</b></u>	<u><b>Position Change</b></u>	<u><b>Agency Response Hearing Notes</b></u>	<u><b>House Decisions</b></u>	<u><b>Senate Decisions</b></u>
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**Explanation:** This annual language, the Rule of 100, limits the number of positions that may be added after the beginning of the fiscal year to 100 and provides exceptions to the limit.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Certification of the status of positions created with non-State funding sources during fiscal 2021 through 2024	DBM	June 30, 2024

10. Add the following section: Concur.

**Section XX     Annual Report on Authorized Positions**

SECTION XX. AND BE IT FURTHER ENACTED, That immediately following the close of fiscal 2023, the Secretary of Budget and Management shall determine the total number of full-time equivalent (FTE) positions that are authorized as of the last day of fiscal 2023 and on the first day of fiscal 2024. Authorized positions shall include all positions authorized by the General Assembly in the personnel detail of the budgets for fiscal 2023 and 2024, including nonbudgetary programs, the Maryland Transportation Authority, the University System of Maryland self-supported activities, and the Maryland Correctional Enterprises.

The Department of Budget and Management shall also prepare a report during fiscal 2024 for the budget committees upon creation of regular FTE positions through Board of Public Works action and upon transfer or abolition of positions. This report shall also be provided as an appendix in the Governor’s Fiscal 2025 Budget Books. It shall note, at the program level:

- (1)     where regular FTE positions have been abolished;
- (2)     where regular FTE positions have been created;

**F10A02**  
**Department of Budget and Management – Personnel**

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
(3)	<u>from where and to where regular FTE positions have been transferred; and</u>				
(4)	<u>where any other adjustments have been made.</u>				

Provision of contractual FTE information in the same fashion as reported in the appendices of the Governor’s Fiscal 2024 Budget Books shall also be provided.

**Explanation:** This annual language provides reporting requirements for regular positions and contractual FTEs.

<b>Information Request</b>	<b>Author</b>	<b>Due Dates</b>
Total number of FTEs on June 30 and July 1, 2023	Department of Budget and Management (DBM)	July 14, 2023
Report on the creation, transfer, or abolition of regular positions	DBM	As needed

11. Add the following section:

Concur.

**Section XX Annual Report on Health Insurance Receipts and Spending**

SECTION XX. AND BE IT FURTHER ENACTED, That the Secretary of Budget and Management shall include as an appendix in the Governor’s Fiscal 2025 Budget Books an accounting of the fiscal 2023 actual, fiscal 2024 working appropriation, and fiscal 2025 estimated revenues and expenditures associated with the employees’ and retirees’ health plan. The data in this report should be consistent with the budget data submitted to the Department of Legislative Services. This accounting shall include:

- (1) any health plan receipts received from State agencies, as well as prescription rebates or recoveries, or audit recoveries, and other miscellaneous recoveries;

**F10A02**  
**Department of Budget and Management – Personnel**

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
(2)	<u>any health plan receipts received from employees and retirees, broken out by active employees, non-Medicare-eligible retirees, and Medicare-eligible retirees;</u>				
(3)	<u>any premium, capitated, or claims expenditures paid on behalf of State employees and retirees for any health, mental health, dental, or prescription plan, as well as any administrative costs not covered by these plans, with health, mental health, and prescription drug expenditures broken out by medical payments for active employees, non-Medicare-eligible retirees, and Medicare-eligible retirees, and prescription drug expenditures broken out by active employees, non-Medicare-eligible retirees, and Medicare-eligible retirees; and</u>				
(4)	<u>any balance remaining and held in reserve for future provider payments.</u>				

**Explanation:** This language provides an accounting of the health plan revenues received and expenditures made on behalf of State employees and retirees. The language proposes that the language in the report be consistent with the budget data submitted with the budget bill.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Accounting of the employee and retiree health plan revenues and expenditures	Department of Budget and Management	With submission of the Governor's Fiscal 2025 Budget Books

**F10A02**  
**Department of Budget and Management – Personnel**

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
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12. Add the following section:

Concur.

**Section 32      Positions Abolished in the Budget**

SECTION 32. AND BE IT FURTHER ENACTED, That no position identification number assigned to a position abolished in this budget may be reassigned to a job or function different from that to which it was assigned when the budget was submitted to the General Assembly. Incumbents in positions abolished may continue State employment in another position.

**Explanation:** This language prevents employees from being moved into positions abolished in the budget. It also allows that incumbents in abolished positions may continue State employment in another position.

**ADDITIONAL DLS RECOMMENDATION**

R1. Reduce the fiscal 2024 general fund allowance for -\$ 65,000,000      GF  
statewide salary increases to reflect excess funding for  
personnel, excluding Higher Education. The amount of the  
reduction is the equivalent of increasing the statewide  
budgeted turnover rate, excluding Higher Education, by  
1.5 percentage points.

**G20J01**  
**State Retirement Agency**

<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Concur with Governor's allowance.		Concur.		

**G50L00**  
**Maryland Supplemental Retirement Plans**

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Concur with Governor's allowance.			Concur.		

**X00A00**  
**Public Debt**

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Concur with Governor's allowance.			Concur.		



**Y01A**  
**State Reserve Fund**

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
1. Strike the following language to the general fund appropriation:			Concur.		
<del>provided that \$61,428,921 of this appropriation shall be reduced contingent on the enactment of legislation eliminating the required Revenue Stabilization Account appropriation for fiscal 2024.</del>					
Further					
<b>Explanation:</b> This action strikes contingent language that is not needed because the General Assembly has reduced the appropriation directly.					
2. Reduce the appropriation to the Rainy Day Fund. Adequate -\$ 61,428,921 funding exists to meet Spending Affordability Committee goals without the statutory appropriation in fiscal 2024.		GF	Concur.		
3. Strike the following language to the general fund appropriation:			Concur.		
<del>Legislative Operating</del>					
<del>Priorities</del>	50,000,000				
<del>Legislative PAYGO</del>	100,000,000				
<del>Local Income Tax Reserve</del>					
<del>Account Repayment</del>	10,000,000				
<b>Explanation:</b> This action strikes the line-item appropriations for funds that are being directly reduced and reappropriated by the legislature in the fiscal 2024 budget. Reducing the combined \$150 million appropriation for unspecified legislative priorities allows the General Assembly to allocate those funds to specific programs and purposes. The \$10 million appropriation to the Local Income Tax Reserve Account Repayment is not required as the funds to fulfill this obligation were already provided through a direct revenue distribution.					

**Y01A**  
**State Reserve Fund**

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
4. Reduce funding for unspecified legislative priorities. This action will allow the General Assembly to assign specific funding priorities to the \$50 million in operating and \$100 million in pay-as-you-go capital funds set aside by the Administration for legislative priorities.	-\$ 150,000,000	GF	Concur.		
5. Delete funding for the Local Income Tax Reserve Account repayment. The obligation for repayment of the liability is already being met through a direct revenue distribution and the budgeted appropriation is not needed.	-\$ 10,000,000	GF	Concur.		

**ADDITIONAL DLS RECOMMENDATION**

R2. Delete funding for retirement reinvestment contributions due to lower than anticipated revenues. Fiscal 2024 pension obligations remain funded above the actuarially required contribution by \$75 million.	-\$ 15,000,000	GF	
R3. Delete funding for postretirement health benefit due to lower than anticipated revenues.	-\$ 25,000,000	GF	
R4. Amend the following language to the general fund appropriation:			

~~Retirement Reinvestment~~

~~Contributions~~ 15,000,000

New Veterans Home 6,326,000

Cybersecurity 152,000,000

~~Legislative Operating~~

~~Priorities~~ 50,000,000

~~Legislative PAYGO~~ 100,000,000

~~Local Income Tax Reserve~~

**Y01A**  
**State Reserve Fund**

	<u>Amount Change</u>	<u>Position Change</u>	<u>Agency Response Hearing Notes</u>	<u>House Decisions</u>	<u>Senate Decisions</u>
<del>Account Repayment</del>	<del>10,000,000</del>				
Awards to Erroneously Confined Individuals	7,696,732				
Food Banks	10,000,000				
<del>Postretirement Health Benefits Trust Fund</del>	<del>25,000,000</del>				

**Explanation:** This action strikes the line-item appropriations for funds directly reduced to acknowledge revenue write-downs and to directly fund legislative priorities.

**COLOR PAGE ITEM**

CP1. Strike the following language to the general fund appropriation:

~~Further provided that \$500,000,000 of this appropriation shall be transferred to the Dedicated Purpose Account to support future transportation capital priorities contingent on the enactment of legislation eliminating the required Revenue Stabilization Account appropriation for fiscal 2024.~~

**Explanation:** Technical correction to align with legislative actions.

CP2. Reduce a portion of the statutorily mandated Rainy Day Fund appropriation in order to redirect funds toward supporting future education and transportation costs, as allocated elsewhere in the budget. The estimated Rainy Day Fund balance at the close of fiscal 2024 equals 10% of general fund revenues without this appropriation.

-\$500,000,000      GF