

Providing 10 Days of Notification Prior to Making Budget Cuts Promotes Transparency and Inclusion

Position Statement in Support of House Bill 133

Given before the House Appropriations Committee

Maryland's budget is the clearest reflection of our values and priorities as a state. A transparent and open budget process is critical to ensuring state spending reflects public priorities. The Maryland Center on Economic Policy supports House Bill 133, which builds on other recent budget process reforms that help the governor and legislature work more collaboratively, promote greater citizen involvement, and increase accountability.

The Board of Public Works (BPW) is able to make significant budget cuts that affect state services, employment, and the economy with little review by legislators or the public. While the 2016 requirement to provide a minimum of three business days' notice of proposed cuts going before the BPW was an improvement, the current policy still provides very little time for stakeholders, legislators, and the public to scrutinize and evaluate the impact of cuts to state spending.

Requiring the Secretary of Budget and Management to post an online notice of a proposed reduction to an appropriation for at least 10 consecutive days before the board votes on it would give the public and legislators the time needed to respond to the proposal. This approach will help make sure the board fully understands how the proposal will affect services citizens rely on.

Even with advance notice, the three members of the Board of Public Works have an outsized influence on Maryland's public finances and policy decisions. That is why the additional language in House Bill 133 that clarifies reasonable limits of that authority is also important for a transparent and democratic budget process.

The bill clarifies that the BPW can reduce line items by 25 percent over the course of a fiscal year, not 25 percent per meeting, and that the 25% is measured based on the line item not the agency. This retains the BPW's flexibility to respond to economic downturns while also ensuring that entire programs are not eliminated without going through the legislative review process. Prior interpretations by the Attorney General's office and budget reductions taken in 2009 that had an outsized impact on certain public services demonstrate the need for these clarifications.

House Bill 133 is an opportunity to build on important action that the legislature took in 2016. Passing this bill will increase the level of transparency, fairness and inclusion in the Maryland state budget development process, and, in doing so, maintain appropriate flexibility for BPW.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Appropriations Committee give a favorable report to House Bill 133.

Equity Impact Analysis: House Bill 133

Bill Summary

House Bill 133 would expand from three to 10 business days the public notice period required before the Board of Public Works considers midyear budget cuts. The bill would also clarify that the 25 percent limit on BPW cuts applies to budget line items and applies cumulatively to all cuts made in a fiscal year.

Background

The Maryland Constitution allows the Board of Public Works, composed of the governor, the comptroller and the state treasurer, to unilaterally reduce most appropriations by up to 25 percent. Under legislation passed in 2016, BPW must publish proposed cuts three business days before consideration by the board.

In calendar year 2020, BPW made more than \$400 million in budget cuts.

Equity Implications

Maryland's investments in essential services like education, health care, and transportation support our state economy and are especially vital for Marylanders who face economic roadblocks because of low income or the ongoing legacy of racist policy.

Ensuring adequate time for the public to consider budgetary actions will enable better understanding of the equity implications of proposed cuts.

Impact

House Bill 133 would likely **improve racial, gender, and economic equity in Maryland.**