

SenElfreth_FAV_SB0030.pdf

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Position: FAV

SENATOR SARAH ELFRETH
Legislative District 30
Anne Arundel County

Budget and Taxation Committee

Subcommittees

Education, Business and Administration

Chair, Pensions

Senate Chair

Joint Committee on Administrative,
Executive, and Legislative Review

Joint Committee on the Chesapeake and
Atlantic Coastal Bays Critical Area



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

January 21, 2021

Testimony in Favor of SB0030
State Finance and Procurement - Appropriation Reductions (Board of Public Works
Budget Reduction Clarification Act)

Chairman Guzzone, Vice-Chair Rosapepe, and fellow members of the Budget and Taxation Committee,

I respectfully request a favorable report of Senate Bill 30, legislation which makes three important changes to the Board of Public Works (BPW) interim budget cutting authority to clarify the statute and ensure transparency.

As the members of this Committee know, and as we have seen throughout the course of this pandemic, the BPW has tremendous budgetary power to reduce critical aspects of our budget. More specifically, they have the authority to cut “not more than 25%” of any appropriation. Due to the vague wording of this statute it is unclear if this 25% applies to a total agency appropriation or to a specific line item -- and it is also unclear as to if this allows 25% of budget to be reduced at consecutive BPW meetings.

Additionally, the Board’s current process for proposing budget cuts drastically limits public input and awareness of any pending cuts by only requiring the cuts to be publicized 3 business days in advance -- meaning that Marylanders do not have sufficient opportunity to provide public input on budgetary cuts that may make substantive changes to State policy and services.

In order to address these challenges, Senate Bill 30 makes three changes to the current process:

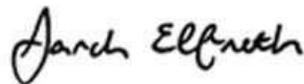
1. The BPW will be required to provide advance public notice of any cuts within 10 business days, an increase from the 2016 legislated requirement of three business days. This change will not only provide greater transparency for the BPW, but will also give stakeholders and the public insight into the process that impacts the state functions they care about. When we passed the three business days requirement a few years ago there were doomsday warnings from some, but in reality it worked entirely as planned. There was no negative impact on the bond rating and most budget reductions have gone through when necessary,

but some proposed budget reductions were more carefully scrutinized and revised or rejected.

2. The bill clarifies that the BPW can reduce a total of 25% over the course of a fiscal year, not 25% every time the Board meets. That is the better reading of the statute and mostly adhered to historically. Governor Hogan has acted consistently with that understanding, but his predecessor did not. In 2009, our research found that three agencies saw their budgets reduced by more than 25% for the fiscal year: Maryland Energy Administration (44%); Department of Information Technology (26%); and the Department of Housing and Community Development (27%). The bill would eliminate the unintended consequences resulting from the current interpretation of the law which has enabled these agencies to exceed the 25% budget ceiling. With clearer and undisputable language, the bill would restore the original goal of the law which is to allow the BPW to make a limited set of reductions to the state operating budget when the fiscal situation demands it, but not allow the BPW to essentially supplant the legislature by gutting entire programs or agencies.
3. The legislation clarifies what the BPW can reduce 25% of a line item. Under some interpretations of the current law, the BPW could reduce by 100% of certain line items—that is to say, programs—in the budget as long as it is less than 25% of the entire agency. The current language could be dangerously misinterpreted, granting the BPW power to effectively eliminate programs that the legislature has created. Again, the BPW is empowered with emergency budget reduction authority to allow Maryland to maintain a balanced budget when the General Assembly is not in session. Giving the BPW the authority to eliminate entire programs created and funded by the legislature supplants our role.

Once again, I respectfully request a favorable report of this legislation so we can ensure that the BPW is transparent and does not over step their far reaching budgetary authority.

Sincerely,

A handwritten signature in black ink that reads "Sarah Elfreth". The signature is written in a cursive, flowing style.

Sarah Elfreth

SB 30_MAP_FAVORABLE.pdf

Uploaded by: Jefferson , Stacey

Position: FAV



TESTIMONY IN SUPPORT OF SB 30

State Finance and Procurement - Appropriation Reductions (Board of Public Works Budget Reduction Clarification Act)

Senate Budget and Taxation Committee

January 21, 2021

Submitted by Stacey Jefferson and Julia Gross, Co-Chairs

Member Agencies:

Advocates for Children and Youth
Baltimore Jewish Council
Behavioral Health System Baltimore
CASH Campaign of Maryland
Catholic Charities
Episcopal Diocese of Maryland
Family League of Baltimore
Fuel Fund of Maryland
Health Care for the Homeless
Homeless Persons
Representation Project
Job Opportunities Task Force
League of Women Voters of Maryland
Loyola University Maryland
Maryland Catholic Conference
Maryland Center on Economic Policy
Maryland Community Action
Partnership
Maryland Family Network
Maryland Hunger Solutions
Paul's Place
Public Justice Center
St. Vincent de Paul of Baltimore
Welfare Advocates

Marylanders Against Poverty

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Julia Gross, Co-Chair
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Marylanders Against Poverty (MAP) strongly supports SB 30, which will help the Board of Public Works (BPW) make better-informed decisions about funding for essential state services. In order for Maryland's leaders to make the best possible decisions, they need to understand how those actions will affect Marylanders' lives.

Under existing state law, the BPW is only required to provide very minimal public notice before voting on reductions of up to 25 percent in already approved state fund. If the Board was to propose cuts that would take away much-needed supports from people already struggling to make ends meet, MAP and its members would want the opportunity to explain to BPW members how those cuts would affect Maryland families.

Without adequate public notice, it is challenging for organizations like MAP to even evaluate the impacts of cuts the BPW is considering. A 10-day notification period provides a reasonable amount of time for individuals and organizations to review proposed cuts to services and understand how they will affect people living in poverty. Passing HB 133 would benefit everyone by providing BPW members more information about the effects of budget cuts prior to voting, allowing state leaders to avoid unintended negative consequences for the hard-working Maryland families whose economic security may depend on budget decisions.

Further, the bill also makes some important clarifications that maintain the reasonable limits on the BPW's ability to make budget reductions. Ensuring that the Board can only cut up to 25 percent from one line item for an entire fiscal year protects public services from being eliminated completely without adequate legislative review.

MAP appreciates your consideration and urges the committee to issue a favorable report for SB 30.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

SB30 BPW Bill Baltimore Jewish Council.pdf

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Position: FAV

OFFICERS

RABBI ANDREW BUSCH

President

ELIZABETH GREEN

1st Vice President

THE HON. CHAYA FRIEDMAN

BENJAMIN ROSENBERG

RABBI STEVEN SCHWARTZ

MELANIE SHAPIRO

ROBIN WEIMAN

YEHUDA NEUBERGER

Past President

HOWARD LIBIT

Executive Director

MEMBER ORGANIZATIONS

Adat Chaim Congregation

American Jewish Committee

Americans for Peace Now

Baltimore Chapter

American Israel Public Affairs Committee

American Red Magen David for Israel

American Zionist Movement

Amit Women

Association of Reform Zionists of America

Baltimore Board of Rabbis

Baltimore Hebrew Congregation

Baltimore Jewish Green and Just Alliance

Baltimore Men's ORT

Baltimore Zionist District

Beth Am Congregation

Beth El Congregation

Beth Israel Congregation

Beth Shalom Congregation of

Howard County

Beth Tfiloh Congregation

B'nai B'rith, Chesapeake Bay Region

B'nai Israel Congregation

B'nai Jacob Shaarei Zion Congregation

Bolton Street Synagogue

Chevra Ahavas Chesed, Inc.

Chevrei Tzedek Congregation

Chizuk Amuno Congregation

Congregation Beit Tikvah

Congregation Beth Shalom of

Carroll County

Congregation Tiferes Yisroel

Federation of Jewish Women's

Organizations of Maryland

Hadassah

Har Sinai - Oheb Shalom Congregation

J Street

Jewish Federation of Howard County

Jewish Labor Committee

Jewish War Veterans

Jewish War Veterans, Ladies Auxiliary

Jewish Women International

Jews For Judaism

Moses Montefiore Anshe Emunah

Hebrew Congregation

National Council of Jewish Women

Ner Tamid Congregation

Rabbinical Council of America

Religious Zionists of America

Shaarei Tfiloh Congregation

Shomrei Emunah Congregation

Simon E. Sobeloff Jewish Law Society

Suburban Orthodox Congregation

Temple Beth Shalom

Temple Isaiah

Zionist Organization of America

Baltimore District

WRITTEN TESTIMONY

Senate Bill 30- State Finance and Procurement - Appropriation Reductions (Board of Public Works Budget Reduction Clarification Act)

Budget and Taxation Committee January 21, 2021

SUPPORT

Background: SB30 clarifies the legal authorization of the Governor, with the approval of the Board of Public Works (BPW), to reduce a certain appropriation approved in the State operating budget by no more than 25% of the total appropriation for any line item in any fiscal year. It would also increase the number of business days from three to ten that BPW must wait and publish a notice before approving a proposed reduction.

Written Comments: The Baltimore Jewish Council (BJC) represents that Associated Jewish Community Federation of Baltimore and all of its agencies and programs. Several Associated agencies, including Jewish Community Services and Comprehensive Housing Assistance Inc. receive program funding in the State operating budget. Our agencies would not be able to help as many needy clients, if not for the support of the State. When planning annual budgets, our agencies take into account their State funding. Currently BPW can reduce budget funding by 25% each time the Governor requests, and BPW approves, a budget reduction. This type fiscal uncertainty makes it difficult for grantees to properly budget. By limiting this power to 25% of the total appropriation, our social service organizations can better plan how to use their funding for the clients they serve.

SB30 would also help the BJC and the organizations we represents by giving us more time to form a response and advocate against proposed cuts by increasing the amount of notice days from three to ten business days. Since BPW meets on Wednesdays, the notification is required on Friday. Having only a three business days' notice is hard enough to have time to organize a response to proposed cuts, but it is even more challenging for the BJC because we is a Jewish organization and can't communicate with the Governor or other members of BPW on Shabbat. The additional days will help all organizations that have funding in the State operating budget but is especially important to the BJC because of our religious observance.

OFFICERS

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President

ELIZABETH GREEN
1st Vice President

THE HON. CHAYA FRIEDMAN

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RABBI STEVEN SCHWARTZ

MELANIE SHAPIRO

ROBIN WEIMAN

YEHUDA NEUBERGER
Past President

HOWARD LIBIT
Executive Director

MEMBER ORGANIZATIONS

Adat Chaim Congregation
American Jewish Committee
Americans for Peace Now
 Baltimore Chapter
American Israel Public Affairs Committee
American Red Magen David for Israel
American Zionist Movement
Amit Women
Association of Reform Zionists of America
Baltimore Board of Rabbis
Baltimore Hebrew Congregation
Baltimore Jewish Green and Just Alliance
Baltimore Men's ORT
Baltimore Zionist District
Beth Am Congregation
Beth El Congregation
Beth Israel Congregation
Beth Shalom Congregation of
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Beth Tfiloh Congregation
B'nai B'rith, Chesapeake Bay Region
B'nai Israel Congregation
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Jewish War Veterans
Jewish War Veterans, Ladies Auxiliary
Jewish Women International
Jews For Judaism
Moses Montefiore Anshe Emunah
 Hebrew Congregation
National Council of Jewish Women
Ner Tamid Congregation
Rabbinical Council of America
Religious Zionists of America
Shaarei Tfiloh Congregation
Shomrei Emunah Congregation
Simon E. Sobeloff Jewish Law Society
Suburban Orthodox Congregation
Temple Beth Shalom
Temple Isaiah
Zionist Organization of America
 Baltimore District



With this in mind, the Baltimore Jewish Council urges a favorable report on SB30.

The Baltimore Jewish Council, a coalition of central Maryland Jewish organizations and congregations, advocates at all levels of government, on a variety of social welfare, economic and religious concerns, to protect and promote the interests of the Associated Jewish Community Federation of Baltimore, its agencies and the Greater Baltimore Jewish community.

BALTIMORE JEWISH COUNCIL

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Member of the Jewish Council for Public Affairs

Baltimore Jewish Council is an agency of The Associated



SB 30_MDCEP_FAV.pdf

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Position: FAV

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

Position Statement in Support of Senate Bill 30

Given before the Senate Budget and Taxation 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 Senate Bill 30, 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 Senate Bill 30 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.

Senate Bill 30 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 Budget and Taxation Committee give a favorable report to Senate Bill 30.

Equity Impact Analysis: Senate Bill 30

Bill Summary

Senate Bill 30 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

Senate Bill 30 would likely **improve racial, gender, and economic equity in Maryland.**

SB 030 State Finance and Procurement - Appropriati

Uploaded by: Soreng, Nancy

Position: FAV



TESTIMONY TO THE SENATE BUDGET AND TAXATION COMMITTEE

SB 030- State Finance and Procurement - Appropriation Reductions (Board of Public Works Budget Reduction Clarification Act)

POSITION: Support

BY: Lois Hybl and Richard Willson – Co-Presidents

Date: January 21, 2021

The League of Women Voters has long believed that a democratic government depends upon informed and active participation at all levels of government. The League further believes that governmental bodies must protect the citizen's right to know by giving adequate notice of proposed actions, holding open meetings and making public records accessible.

The Board of Public Works has significant authority to reduce spending appropriated by the Legislature. There may be compelling reasons why cuts being considered by the Board of Public Works should not occur. The public and or the impacted agencies and departments need sufficient time to prepare data, context, and background information that could impact the decisions of the three members of the Board of Public Works. Current law requires public notice 3 business days in advance of the meeting where the proposed reductions can be approved. This bill would extend that notice period to 10 days which is a more reasonable time frame for those impacted by the proposed cuts to provide feedback to the BPW in advance of their decision.

We urge a favorable report on SB 030.

SB30 - FAV - MSEA Zwerling.pdf

Uploaded by: Zwerling, Samantha

Position: FAV

Testimony SUPPORT of Senate Bill 30
State Finance and Procurement – Appropriation Reductions
(Board of Public Works Budget Reduction Clarification Act)

Senate Budget and Taxation Committee
January 21, 2021

Samantha Zwerling
Government Relations

The Maryland State Education Association supports SB 30, The Board of Public Works Budget Reduction Clarification Act, which would add much needed transparency to the operations of the Board of Public Works. This bill clarifies the Governor's authority to reduce appropriations in the state budget, and requires the BPW and the Department of Budget and Management give notice of 10 business days of any such reduction proposal.

MSEA represents 75,000 educators and school employees who work in Maryland's public schools, teaching and preparing our 896,837 students for careers and jobs of the future. MSEA also represents 39 local affiliates in every county across the state of Maryland, and our parent affiliate is the 3 million-member National Education Association (NEA).

SB 30 builds on the work of The Board of Public Works Transparency Act of 2016, which passed both chambers nearly unanimously. That bill required the Secretary of Budget and Management to publish any proposed reduction 3 days before the BPW's Wednesday meeting. In practice, that means that proposed cuts are published on the Friday before the meeting. With only 3 days, advocates and the public have limited time to reach out to members of the Board of Public works to educate them about the possible impact of those cuts. SB 30 is necessary and increases that window to 10 days.

While the Administration may not be able to reduce an appropriation for public schools, just this summer the Governor proposed cuts to teacher pensions, disparity grants for local governments, and funding for the Maryland State Department of Education. This bill would give the public more time to organize and understand proposed cuts that affect education in the future.

This bill adds needed additional transparency to tough budget decisions. **MSEA urges a Favorable Report on Senate Bill 30.**

SB 30 BPW Reductions (Elfreth)-B&T 1.21.21.pdf

Uploaded by: Brinkley, David

Position: UNF



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

LARRY HOGAN
Governor

DAVID R. BRINKLEY
Secretary

BOYD K. RUTHERFORD
Lieutenant Governor

MARC L. NICOLE
Deputy Secretary

SENATE BILL 30 State Finance and Procurement-Appropriation Reductions (Elfreth)

POSITION: OPPOSE

DATE: January 21, 2021

COMMITTEE: Senate Budget & Taxation

SUMMARY OF BILL: SB 30 limits the Governor's authority, subject to Board of Public Works (BPW) approval, to reduce the operating budget by restricting budget reductions to 25% of any line item, rather than 25% of any appropriation. Before the BPW can approve the reductions, the Department of Budget and Management (DBM) is required to publish the list of reductions on the BPW's website and likewise provide notice to the General Assembly (Legislative Policy Committee, Senate Budget and Taxation Committee and House Appropriation Committee), which the bill lengthens from three to 10 business days.

EXPLANATION: DBM opposes the legislation because it: (i) makes more difficult the already challenging task of making mid-year budget reductions that result from an unforeseen and rapidly declining economy; and (ii) unnecessarily delays the effective date of the budget reductions, which are generally less painful the earlier in the fiscal year they occur.

10-Day Advance Notice. DBM opposes the 10-day advance notice provision, as it did in 2016 (HB 368/SB 370). The 10-day advance notice exacerbates an already limited amount of time that DBM has to assess the State's deteriorating fiscal situation, develop the BPW item, and obtain BPW approval for a budgetary reduction. There is not always the luxury of long lead times to determine the budgetary action needed, develop the agenda item, and appear on the BPW's meeting agenda.

DBM acted expeditiously to comply with the FY 2016 Budget Bill language to provide this notice to the BPW within 72 hours (or three days) and agreed to the amended version of 2016 legislation that codified the three working day notice. Since that time, DBM has taken midyear budget reductions to the BPW on June 22, 2016, November 2, 2016, September 6, 2017, May 20, 2020 and July 1, 2020. We are unaware of any circumstance where insufficient notice created concerns.

In fact, \$205.2 million of the \$610.3 in FY 2021 budget reductions posted in advance of the July 1, 2020 BPW meeting were rejected by members of the BPW before the formal meeting and were, therefore, withdrawn by DBM. Various constituencies were able to weigh in on the proposed reductions and garnered BPW support to reject the budget reductions. Further, it is always within the prerogative of the BPW to delay action on any Board item to solicit additional information and input. It is important to

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<http://dbm.maryland.gov>

note that the Administration discusses proposed reductions with Board members in advance of the three-day posting deadline. These meetings with the members before the July 1, 2020 meeting resulted in an additional \$141 million in reductions that were never proposed and, therefore, not posted. These actions demonstrate the current process is working.

25% Reduction for Any Line Item in the Operating Budget. Except for specific appropriations (such as debt service, education aid to public schools, and the Legislative and Judicial branches of government), the Governor is currently authorized with BPW approval to reduce up to 25% of any agency's appropriation. The bill restricts that authority to 25% reduction for any line item in the operating budget.

The impact of this change will force DBM to make a greater number of smaller reductions, rather than more substantial reductions to fewer programs. For example, DBM may choose to eliminate or delay implementation of a new program by reducing 100% of the funding in the mid-year reduction because the program has not yet become operational and there is no existing reliance on the funding or service. This bill would prevent that option and force DBM to make (up to) 25% reductions in multiple other critical programs that are currently operational.

Suffice it to say, budget reductions occur because they are necessary; not because they are desirable. DBM takes seriously its unique responsibility to analyze the totality of the \$43 billion Budget and makes every effort to minimize the negative impact of budget reductions on the programs and services provided for the benefit of Maryland residents. Bond rating agencies value the fact that Maryland has the unique ability to expeditiously address budgetary shortfalls and it would not be prudent to diminish the State's flexibility.

For these reasons, DBM respectfully requests an unfavorable report.

**For additional information, contact Barbara Wilkins at
(410) 260-6371 or barbara.wilkins1@maryland.gov**