

BaltimoreCounty_FAV_SB0244.pdf

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JOHN A. OLSZEWSKI, JR.
County Executive

CHARLES R. CONNER III, ESQ.
Director of Government Affairs

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Deputy Director of Government Affairs

BILL NO.: **SB 244**

TITLE: Maryland Funding Accountability and Transparency Act -
Nonbudgeted State Agencies

SPONSOR: Senator Lam

COMMITTEE: Education, Health and Environmental Affairs

POSITION: **SUPPORT**

DATE: February 3, 2021

Baltimore County **SUPPORTS** Senate Bill 244 – Maryland Funding Accountability and Transparency Act - Nonbudgeted State Agencies. This legislation would require the Department of Information to create a searchable website of payments made by any unit of State Government that receives funds that are not appropriated in the annual budget bill.

Transparent government spending is vital to legitimizing and establishing faith in our democratic system. In the past year it has become clear that keeping certain financial documents under lock and key can leave agencies that operate with public funding vulnerable to irresponsible spending. It is essential that residents of the State have faith that their money is being used in the most efficient and effective way possible.

County Executive Olszewski has made government transparency a key priority in his administration. In his first year in office, he established the County’s first Office of Ethics and Accountability led by an Inspector General to oversee the operations of Baltimore County Government. The County Executive understands that fraud, waste, and abuse have no place in government. This bill would help uphold that mission.

Accordingly, Baltimore County requests a **FAVORABLE** report on SB 244. For more information, please contact Chuck Conner, Director of Government Affairs, at cconner@baltimorecountymd.gov.

SB 244 - Maryland Funding Accountability and Trans

Uploaded by: Edwards, Donna

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**SB 244 – Maryland Funding Accountability and Transparency Act –
Nonbudgeted State Agencies
Senate Education, Health, and Environmental Affairs Committee
February 3, 2021**

SUPPORT

**Donna S. Edwards
President**

Maryland State and DC AFL-CIO

Chairman and members of the Committee, thank you for the opportunity to submit testimony in support of SB 244 – Maryland Funding Accountability and Transparency Act – Nonbudgeted State Agencies. My name is Donna S. Edwards, and I am the President of the Maryland State and District of Columbia AFL-CIO. On behalf of the 340,000 union members, I offer the following comments.

Since its creation in 2008, the Maryland Transparency Portal has been a useful tool for taxpayers to understand how their money is being allocated to fund State government. Unfortunately, the available data is not timely, and it is incomplete. Payment information is only updated on an annual basis, and not all State agencies are required to submit information regarding payments that have been made.

SB 244 helps rectify the issue of a lack of timely and complete data by requiring the Department of Information Technology (DoIT) to update payment data on the Portal on a monthly – instead of an annual – basis and it requires nonbudgeted state agencies to submit their payment data for inclusion into the website. These changes will allow taxpayers to observe, on a monthly basis, payments greater than \$25,000 from all State agencies, and the entities that receive those payments.

Greater transparency in government is paramount to maintaining an educated citizenry that can make informed decisions about our priorities moving forward.

For these reasons, we urge a favorable report on SB 244.

Lam_FAV_SB0244.pdf

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CLARENCE K. LAM, M.D., M.P.H.
Legislative District 12
Baltimore and Howard Counties

Education, Health, and Environmental Affairs
Committee

Executive Nominations Committee

Joint Committee on Ending Homelessness

Chair

Joint Audit and Evaluation Committee

Joint Committee on Fair Practices and
State Personnel Oversight

Vice Chair

Baltimore County Senate Delegation

Chair

Howard County Senate Delegation



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In Support of SB 244 - Maryland Funding Accountability and Transparency Act - Non-budgeted State Agencies

Maryland Funding Accountability and Transparency Act of 2008

- Established a searchable database of vendor payments made by state agencies in excess of \$25,000
 - <https://vendorpayments.maryland.gov/>
 - Managed by the Department of Information Technology
- Data is searchable and uploaded on an annual basis

Areas for Improvement

- Annual disclosure timeframes are not sufficient to allow timely public oversight of state spending
 - Timely and effective public oversight is made difficult by data that is many months old
- Current statute does not require non-budgeted agencies to disclose vendor spending data
 - Non-budgeted agencies have independent revenue sources and the ability to make expenditures beyond the legislative appropriations process

SB 244 Purpose - Enhance Transparency of State Vendor Spending

- Improves frequency of disclosure from yearly to monthly
 - On or before the 15th of the month following payment, spending data must be uploaded
 - Enhances public ability to provide oversight in a timely manner
- Includes a new definition of “agency” to capture non-budgeted agencies in disclosure requirements

This same bill, HB 71, passed the House of Delegates unanimously in 2020.

SB 244 Presentation.pdf

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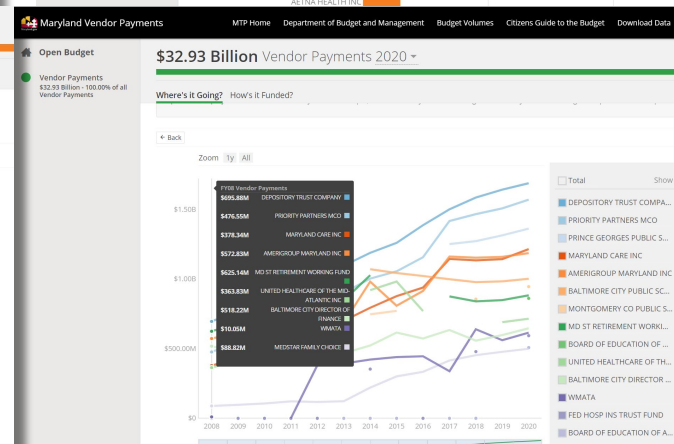
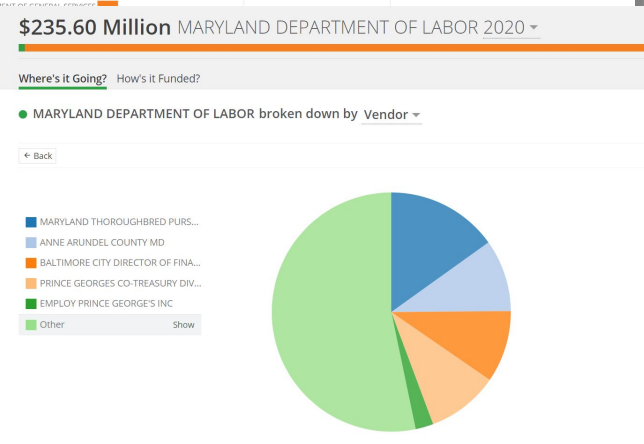
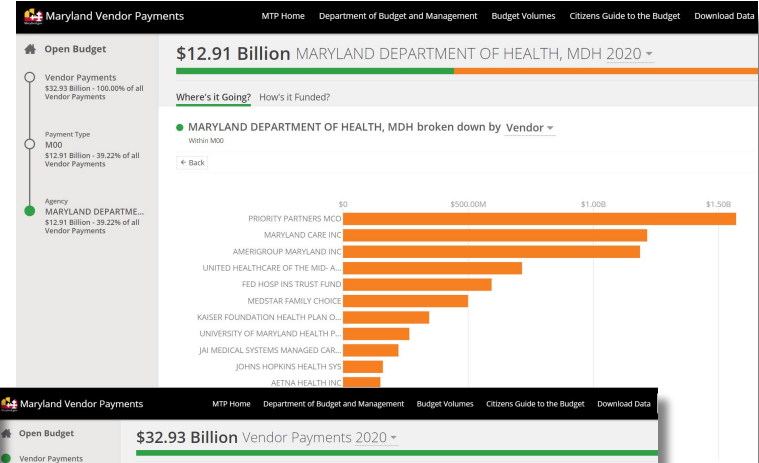
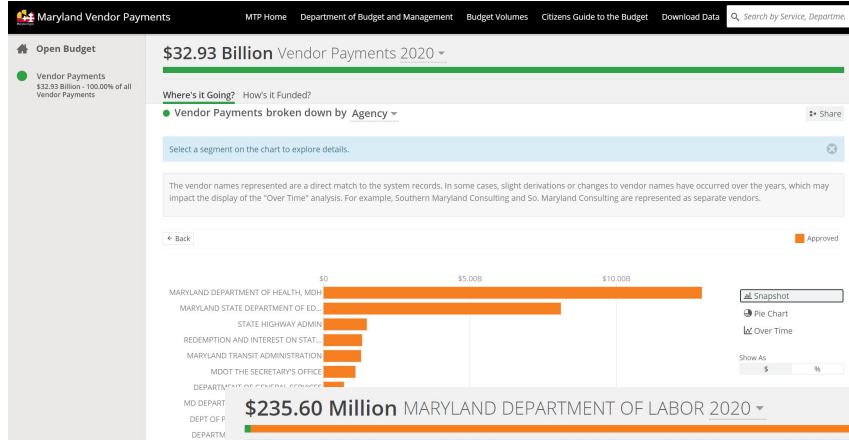
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SB 244

Maryland Funding Accountability and Transparency Act -
Non-budgeted State Agencies

Senator Clarence Lam

Vendorpayments.maryland.gov



Improving A Public Service

- **Non-budgeted agencies**
 - Maryland Transportation Authority, Injured Workers' Insurance Fund, Maryland Environmental Service
 - Independent revenue sources
- **Ineffective reporting timeframes**
 - Updated annually



What SB 244 Accomplishes:

- Require non-budgeted agency disclosure of spending data
- Updates database monthly rather than annually
- Enhance public capacity to provide oversight



SB244_MDCEP_FAV.pdf

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All State Spending Should Be Subject to Transparency Standards

Position Statement in support of Senate Bill 244

Given before the Senate Education, Health, and Environmental Affairs Committee

Maryland's budget is a moral document that has the power to move us toward broadly shared prosperity if invested wisely, and just as much power to move us in the wrong direction if not. Transparency is essential to ensure our shared investments benefit every Marylander, not just the powerful few. Extending transparency standards to require timely disclosure of all external state payments is the right choice. For these reasons, the Maryland Center on Economic Policy supports Senate Bill 244.

Under the Maryland Funding Accountability and Transparency Act of 2008, the state is required to publish a searchable database of state payments to external entities whenever those payments exceed \$25,000 in a given fiscal year. However, the current law leaves out payments from non-budgeted funds—public resources used for public purposes but not subject to the usual appropriations process—and does not include clear safeguards on when records must be made public.

Senate Bill 244 would improve Maryland's transparency law by applying its requirements equally to non-budgeted funds and requiring that records be published monthly.

Maryland provides a number of public services, supported with public resources, through financial arrangements outside the state budget. Examples of non-budgeted expenditures include:

- The **Maryland Transportation Authority** collected nearly \$800 million in tolls, concession revenue, and payments from state agencies in FY 2019 and invested this money in maintenance and improvement of our bridge and tunnel infrastructure.
- The **Maryland Stadium Authority** manages a wide range of properties and infrastructure projects with significant public support. Most prominently, the authority is intimately involved in financing school construction in Baltimore City, and that responsibility would expand to the entire state under House Bill 1, the Built to Learn Act of 2020.
- **Local health departments** receive significant state as well as local support to provide legally mandated public health services, often delivered by workers on the state's payroll. Certain state-supported activities, as well as compensation of employees on state payroll, are reported as non-budgeted state expenditures.

Each of these bodies provides a vital public service, and does it with the support of state resources. They should be subject to the same transparency standards as every other state expenditure. Public disclosure of state payments brings benefits, such as making it harder for state or local officials to self-deal and enabling public accountability for the equitable investment of state procurement dollars. These benefits are just as important, regardless of a public agency's accounting structure.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Education, Health, and Environmental Affairs Committee make a favorable report on Senate Bill 244.

Equity Impact Analysis: Senate Bill 244

Bill summary

Senate Bill 244 expands requirements regarding the public disclosure of state payments to apply equally to non-budgeted agencies. The bill also requires these records to be published every month.

Background

The General Assembly passed the Maryland Funding Accountability and Transparency Act in 2008, requiring the state to publish information on most external payments by the state in a searchable online database. This requirement applies to all external payments of general, special, or federal funds to an entity other than a state employee, if the entity receives at least \$25,000 in a given fiscal year. In current practice, these records are published after the end of the applicable fiscal year. However, the law does not include any specific timeliness requirement.

The state operates a number of public agencies and authorities that receive public support and provide public services, but are not subject to the ordinary appropriations process. Some of these agencies issue revenue bonds not backed by the state's full faith and credit, such as the Maryland Transportation Authority. Others are funded by user fees—in many cases paid by other state agencies—such as the Maryland Environmental Service. These agencies' expenditures are not subject to disclosure requirements under the Maryland Funding Accountability and Transparency Act of 2008.

Equity Implications

Strengthening transparency standards could bring a number of equity benefits:

- Greater transparency will allow the public to determine whether the state is equitably awarding contracts to small, minority, and women-owned businesses.
- Greater transparency will allow the public to determine whether the state does business with companies that violate labor law or avoid or evade their tax responsibilities.
- Greater transparency will allow more effective monitoring of officials' ethical and legal compliance, ensuring that our shared investments benefit all Marylanders, not just the powerful few.

Impact

Senate Bill 244 would likely **improve racial and economic equity** in Maryland.