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SUPPORT - House Bill 113 - Board of Revenue Estimates and Bureau of Revenue Estimates – Organization and Operations

Chairwoman Kaiser and Chairwoman McIntosh, Vice Chairman Washington and Vice Chairman Chang, and members of the House Ways and Means and Appropriations Committees, I am pleased to provide testimony in support of **House Bill 113 – Board of Revenue Estimates and Bureau of Revenue Estimates – Organization and Operations. This bill strengthens the State’s revenue estimating program by ensuring higher quality work, greatly improved transparency, and incentivizing stronger continuity of operations. This is an important piece of legislation and I commend Delegate Lierman for her leadership on this issue.**

I am the Executive Secretary for the Board of Revenue Estimates and Chief of the Bureau of Revenue Estimates. The Board of Revenue Estimates and the Bureau of Revenue Estimates are properly separated in statute but intertwined in personnel and operations, so here I will simply refer to the organizations in unison as BRE. The BRE and the related revenue estimating system is codified and highlighted as a strong asset by the Rating Agencies for our openness, accuracy, and the fact that the system ensures non-political economic and revenue projections.

BRE’s strongest asset is our people. To be a successful, a BRE analyst requires a high level of proficiency in **all** of these fields and skills: economics, statistics, IT programming (e.g., SQL, SAS, R, Python), tax law, and tax administration. In addition to these skills being some of the most highly valued in today’s labor market, no employee is ever hired with all of these skills intact. As such, on average, we spend one and a half years training our analysts before they can stand on their own – adding value above the time that mentors spend coaching and training.

We often lose analysts after two to three years as they move on to earn much higher incomes outside of BRE, often for less work and more money in other government positions. Currently, when we lose an analyst, we lose 25% of our workforce. That lost capacity results in that workload shifting to other analysts and management, adding risk to quality and increasing potential for future turnover.

Increasing the number of analysts to six and creating a Deputy position that offers a relatively competitive salary will: (1) allow for greater specialization by our analysts; and (2) lower turnover by enabling a base level of redundancy in key functions.

Moreover, and perhaps more importantly, the position enhancements will result in a meaningful career path that allows for a stronger pipeline of internal talent. This would position BRE to have stronger continuity of operations by building the pool of individuals that could step into the Deputy Director or Chief position. Key to the management level positions is not simply the possession of management skills on top of the aforementioned technical skills and the accrued

organizational experience, it is key that BRE management can communicate effectively with all stakeholders (e.g., taxpayers, policy makers, business leaders, media, etc...) – effective communication of technical information is a rare skill.

Additionally, this bill would greatly boost the State's transparency of revenue related information and its nexus with the State's budget. The creation of a website solely for BRE use will make the posting and finding of information far more accessible to stakeholders. The combination of additional positions and the website has us planning to offer more frequent revenue updates and commentary on how recent economic and revenue news fold into existing estimates. Furthermore, we would make more data available online through additional reporting by income levels and/or by county for the taxes that the Comptroller administers. This will greatly assist local budget leaders.

While I have highlighted certain notable components of the bill, I am in agreement with the provisions not mentioned above.

It is also worth noting that the Comptroller's Office has begun making many of the employee related changes set forth in this bill. While several of those changes are started, I strongly believe that codification is necessary to ensure BRE's progress and continued independence.

For these reasons, I stand in support of this legislation. I thank the Committee for its consideration and urge a **favorable report** on **House Bill 113**. There has been some discussion of amending the bill to remove the language regarding the Chief's position in the Executive Pay Plan, I would support that amendment as well.

Sincerely,



Andrew M. Schaufele, Chief
Bureau of Revenue Estimates