

D15A05
Boards, Commissions, and Offices
Executive Department

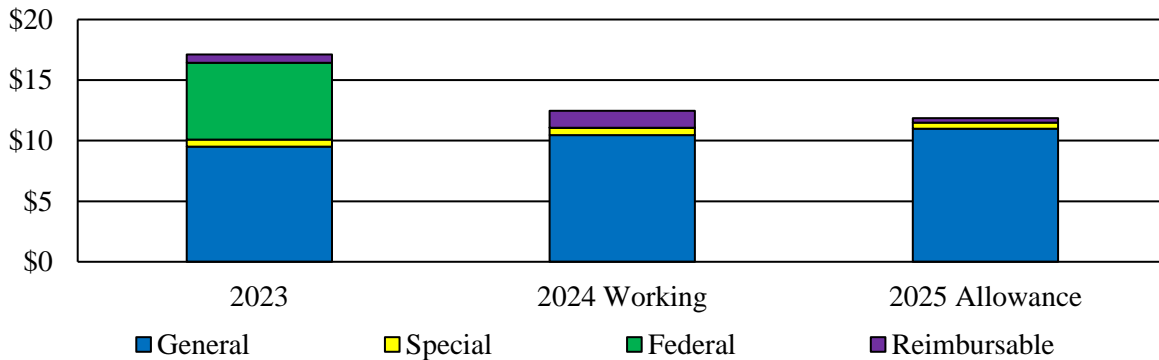
Program Description

The Boards, Commissions, and Offices unit of the Executive Department contains various entities that provide coordination for Executive Branch functions or make recommendations on problems affecting the administration of government or the welfare of the State. The unit includes Survey Commissions; the Governor’s Office of Small, Minority, and Women Business Affairs (GOSBA); the Governor’s Office of Community Initiatives (GOCI); the State Ethics Commission; the Health Care Alternative Dispute Resolution Office (HCADRO); the State Commission on Criminal Sentencing Policy; the Governor’s Grants Office; the Public Employee Relations Board (PERB); and the Board of Contract Appeals. Beginning in fiscal 2025, the functions of the Governor’s Coordinating Offices Shared Services Unit are realigned to other Executive Department offices.

This analysis previously included the budgets for the Maryland Commission on African American History and Culture (MCAAHC), Governor’s Office on Service and Volunteerism (GOSV), Volunteer Maryland, and the Maryland Corps Program within GOCI. MCAAHC is now an independent agency and is discussed in a separate analysis. In fiscal 2024, GOSV, Volunteer Maryland, and the Maryland Corps Program were transferred to the Department of Service and Civic Innovation (DSCI).

Operating Budget Summary

Fiscal 2025 Budget Decreases \$589,914, or 4.7%, to \$11.9 Million
(\$ in Millions)



Note: The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM) and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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Fiscal 2024

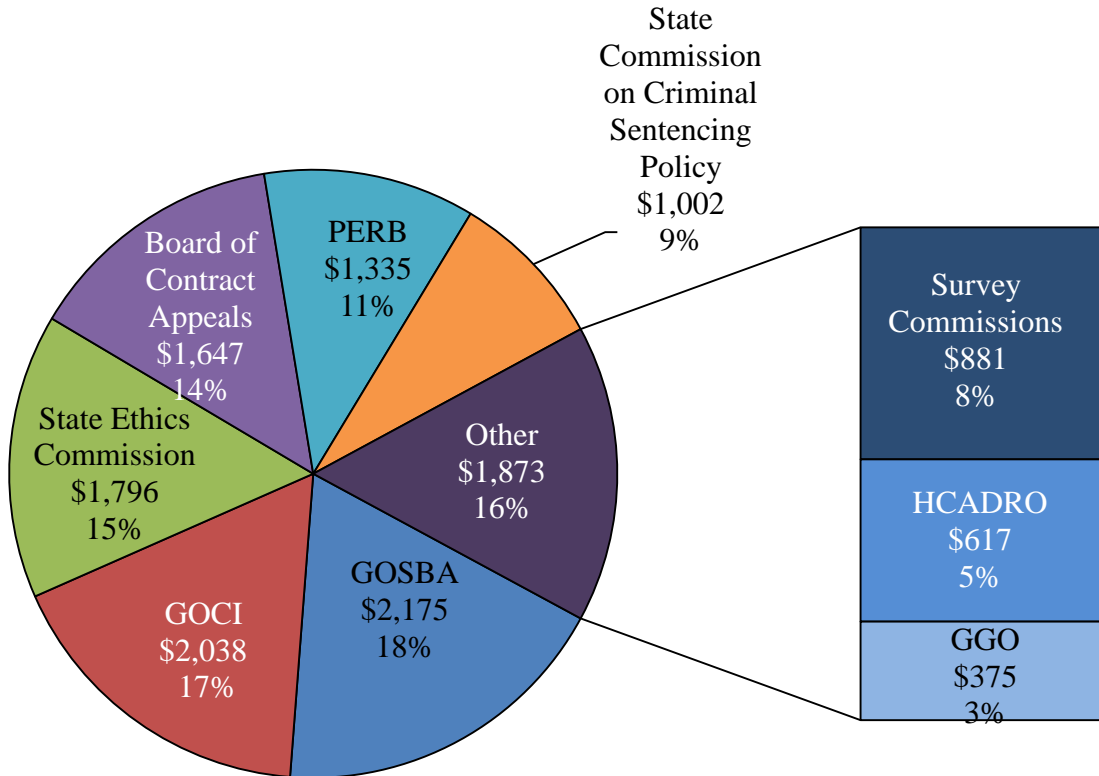
Proposed Deficiency

The fiscal 2025 budget includes a proposed deficiency appropriation of \$13,830 in general funds to fully fund 1 regular position in HCADRO. The position is largely responsible for processing credentialing and filing requests. HCADRO indicated that the demand for these requests has significantly increased in recent years.

Fiscal 2025 Overview of Agency Spending

As shown in **Exhibit 1**, the fiscal 2025 allowance includes a total of \$11.9 million across nine programs budgeted in the Boards, Commissions, and Offices unit of the Executive Department. GOSBA, the coordinating office that connects the small business community to expand opportunities in the public and private sectors, accounts for approximately \$2.2 million, or 18%, of the total budget. GOCl, which coordinates community and volunteer activities statewide and advises the Governor on policies to enhance and improve community programs, makes up approximately \$2 million, or 17%, of the fiscal 2025 allowance.

Exhibit 1
Overview of Agency Spending
Fiscal 2025 Allowance
(\$ in Thousands)



Total Expenditures = \$11.9 Million

GGO: Governor’s Grants Office
 GOCI: Governor’s Office of Community Initiatives
 GOSBA: Governor’s Office of Small, Minority, and Women Business Affairs
 HCADRO: Health Care Alternative Dispute Resolution Office
 PERB: Public Employee Relations Board

Note: The fiscal 2025 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2025 Budget Books

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2025 allowance decreases by \$589,914, or 4.7%, compared to the fiscal 2024 working appropriation. Of this decrease, \$969,177 is attributed to the disbanding of the Governor’s Coordinating Offices Shared Services. This reduction is partially offset by an increase of \$472,548 in personnel expenditures, including a net addition of 3 new positions in fiscal 2025.

Exhibit 2
Proposed Budget
Executive Department – Boards, Commissions and Offices
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2023 Actual	\$9,495	\$600	\$6,337	\$675	\$17,107
Fiscal 2024 Working Appropriation	10,447	629	0	1,381	12,457
Fiscal 2025 Allowance	<u>10,975</u>	<u>521</u>	<u>0</u>	<u>371</u>	<u>11,867</u>
Fiscal 2024-2025 Amount Change	\$528	-\$108	\$0	-\$1,010	-\$590
Fiscal 2024-2025 Percent Change	5.1%	-17.2%	-100.0%	-73.2%	-4.7%

Where It Goes:

Personnel Expenses

	Change
Salary increases and associated fringe benefits including fiscal 2024 COLA and increments	288
Net increase of 3.0 positions.....	184
Tuition waivers	5
Reclassification.....	-116
Turnover adjustments (increase from -0.58% to 8.07%).....	-657

Other Changes

Cost allocations, mainly driven by DoIT services allocations and other information systems	611
Contractual personnel costs partially attributed to a net increase of 0.8 FTE positions	125
Fixed subscriptions and other charges	113
New and upgraded computers and office equipment.....	56
Advertising, publication, and food services.....	40
Travel and conferences expenses.....	32
Office communications, supplies, and materials	19
Other expenditures	14

D15A05 – Executive Department – Boards, Commissions and Offices

Where It Goes:	<u>Change</u>
Health insurance stipend for AmeriCorps employees transferred to the Department of Service and Civic Innovation.....	-17
Vehicle expenses including one-time funding for vehicle purchase	-21
Temporary administrative assistance for Governor’s Office of Small, Minority and Women Business Affairs	-34
Systems software licenses and maintenance.....	-42
Volunteer Maryland accrual adjustment not processed in fiscal 2023	-100
Training and administrative services for Volunteer Maryland	-296
Disbandment of Governor’s Coordinating Offices Shared Services Unit, excluding personnel costs	-304
Equipment purchased to upgrade a database system maintained by the Maryland Automated Guidelines and used by the State Commission on Criminal Sentencing Policy (reimbursable fund from the Judiciary)	-490
Total	-\$590

COLA: cost-of-living adjustment

DoIT: Department of Information Technology

FTE: full-time equivalent

Note: Numbers may not sum to total due to rounding. The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this agency’s budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Governor’s Coordinating Offices Shared Services Unit Disbanding

The Governor’s Coordinating Offices Shared Services Unit provides administrative, communications, and public policy organization to the multiple offices within the Boards, Commissions, and Offices unit of the Executive Department. This unit oversees the integration of duplicative functions and coordination of support in media, branding, messaging, procurement, contracts, equipment, personnel, and policy development. The fiscal 2025 allowance reduces the unit’s entire fiscal 2024 appropriation of \$969,177. According to the Executive Department, some of the shared services unit’s functions will be realigned to the Survey Commissions unit. However, the shared services unit’s 4 positions are transferred to PERB and DSCI in the allowance.

The Executive Department should comment on the reasons for disbanding the Governor’s Coordinating Offices Shared Services Unit and timeline for implementing this change. The agency should also clarify which shared services functions will be realigned under Survey Commissions and discuss the overall operational impact of this office restructuring on the other boards, commissions, and offices within the Executive Department.

Personnel Data

	<u>FY 23</u> <u>Actual</u>	<u>FY 24</u> <u>Working</u>	<u>FY 25</u> <u>Allowance</u>	<u>FY 24-25</u> <u>Change</u>
Regular Positions	73.60	64.00	67.00	3.00
Contractual FTEs	<u>1.50</u>	<u>3.50</u>	<u>4.30</u>	<u>0.80</u>
Total Personnel	75.10	67.50	71.30	3.80

Vacancy Data: Regular

Turnover and Necessary Vacancies, Excluding New Positions	5.00	8.07%
Positions and Percentage Vacant as of 12/31/23	7.00	10.94%
Vacancies Above Turnover	2.00	

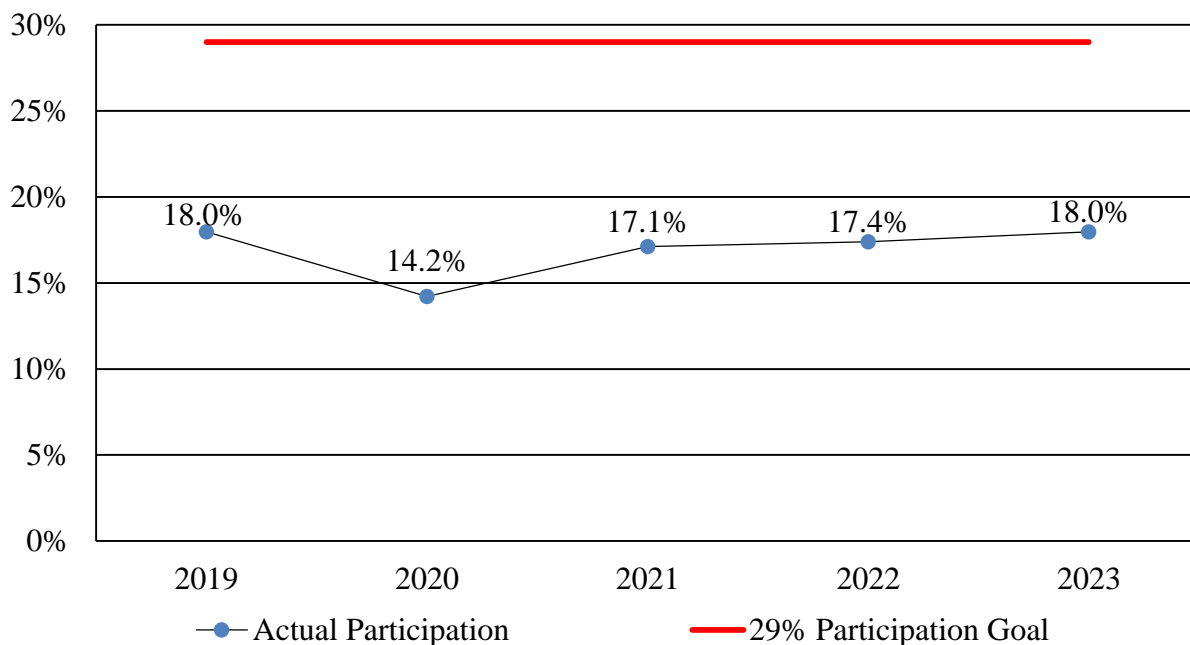
- The fiscal 2025 allowance reflects a net increase of 3 positions across the units in the Executive Department’s Boards, Commissions, and Offices. PERB receives 5 new positions, in addition to 2 positions transferred from the Governor’s Coordinating Office Shared Services Unit. The 2 remaining positions in the shared services unit are transferred to DSCI, partially offsetting the increase in new PERB positions.
- The budgeted turnover rate in the fiscal 2025 allowance is 8.07%, an 8.57 percentage point increase compared to the -0.5% turnover rate assumed in the fiscal 2024 working appropriation. This elevated turnover rate better aligns with the agency’s 10.94% vacancy rate reported as of December 31, 2023.
- Of the 7 vacancies reported as of December 31, 2023, 1 position has been vacant for more than one year and 6 positions have been vacant for less than nine months.

Key Observations

1. Minority Business Enterprise Participation Improves

The Minority Business Enterprise (MBE) program was established in 1978 with the goal of promoting the inclusion of small businesses whose owners are socially and economically disadvantaged in the State’s procurement and contracting opportunities. Since fiscal 2014, the goal for participation in MBE has been 29%, but this goal has been missed in each fiscal year since that point. Additionally, the previous goal of 25% has not been achieved in any fiscal year since fiscal 2014. **Exhibit 3** shows that although the level of MBE participation has improved in recent years, it is still well below the goal of 29%. From fiscal 2022 to 2023, MBE participation improved by 0.6 percentage points to 18.0%.

Exhibit 3
MBE Participation Attainment
Fiscal 2019-2023

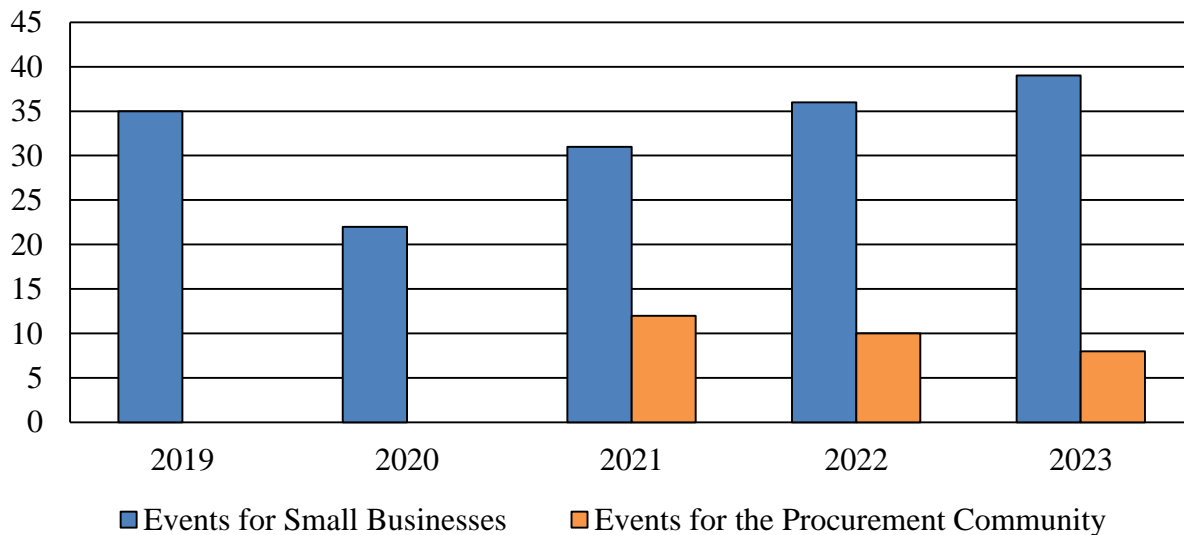


MBE: Minority Business Enterprise

Source: Department of Budget and Management; Governor Office of Small, Minority, and Women Business Affairs; Department of Legislative Services

GOSBA hosts outreach, education, and training events annually for small businesses and members of the procurement community to assist the State in meeting the annual goals of 29% MBE participation and 15% for Small Business Reserve (SBR) participation. **Exhibit 4** shows the number of outreach events hosted by GOSBA for both small businesses and the procurement community. In fiscal 2023, GOSBA hosted the highest number of outreach events for small businesses over the period shown with 39 hosted events. However, GOSBA hosted 2 fewer events for the procurement community in fiscal 2023 compared to the prior year, with 8 events total. Although GOSBA has gradually increased the number of events to train small businesses on the MBE program, Maryland still has not met its annual goal of 29% MBE participation.

Exhibit 4
Minority Business Enterprise Outreach Events
Fiscal 2019-2023

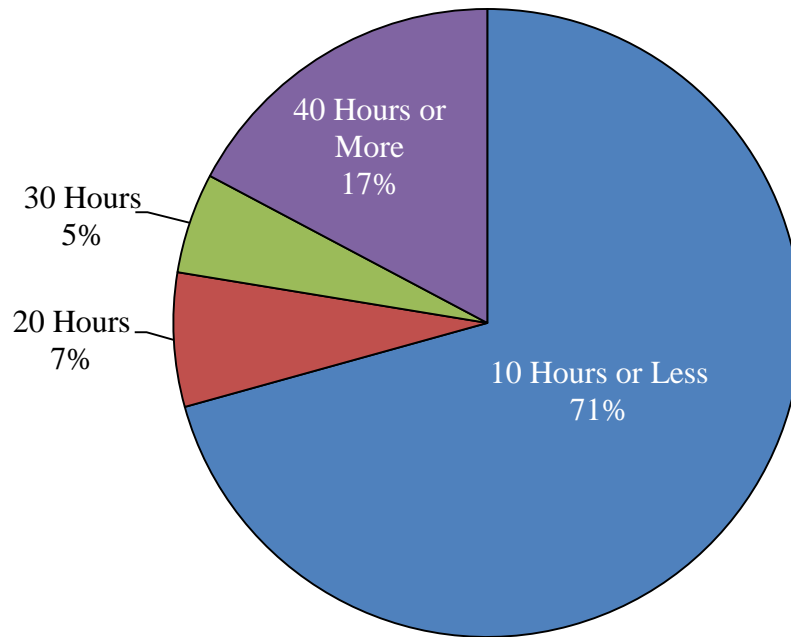


Note: The Governor’s Office of Small, Minority, and Women Business Affairs began hosting procurement community events in fiscal 2021.

Source: Department of Budget and Management; Governor Office of Small, Minority, and Women Business Affairs

Of the 72 State agencies and departments that participated in the MBE and SBR programs in fiscal 2023, 62 responded to GOSBA’s Agency Liaison Survey request. In fiscal 2023, there were 4 vacant MBE liaison positions and 5 vacant SBR liaison positions. A majority of the responding State agencies and departments (58) also provided information on the average amount of time an MBE liaison spent administering the MBE program weekly. **Exhibit 5** shows that 71% of MBE liaisons spent an average of 10 hours or less administering the MBE program each week, whereas 17% spent 40 hours or more.

Exhibit 5
Average Weekly Time Spent Administering the MBE Program by MBE Liaisons
Fiscal 2023



MBE: Minority Business Enterprise

Source: Governor’s Office of Small Minority, and Women Business Affairs

GOSBA indicated that it reviews the survey responses each year to gain insights on additional training, policies, procedures, or processes that may need to be implemented. GOSBA reported that based on the responses received so far, it is making improvements such as moving to an electronic data collection method, increasing video trainings, creating the new liaison orientation training and welcome packets, and offering targeted comprehensive trainings on compliance and reporting, among other changes.

On January 16, 2024, the Governor announced that Nichelle Johnson will be appointed as Maryland’s first MBE Ombudsman under GOSBA and will be responsible for:

- working with prime contractors and MBE to resolve issues that arise during contract performance;
- developing policies and guidance to assist agencies in implementing program compliance;

- overseeing data collection of documented nonperformance by prime contractors; and
- developing new training programs for both prime contractors and MBE subcontractors to help ensure final contract outcomes meet established program goals and reach the 29% MBE program participation goal.

GOSBA should discuss other methods that could be utilized to further increase MBE and SBR participation and describe how it supports agencies in hiring MBE and SBR program liaisons. The Department of Legislative Services (DLS) recommends adopting committee narrative requesting that GOSBA continue to collect and report the findings of the MBE Participation and Liaison Attainment surveys to monitor the State’s progress toward achieving its MBE and SBR goals, including tracking the time required to fill vacant MBE and SBR program liaison positions.

2. PERB Replaces State Labor Relations Board

Chapter 114 of 2023 repealed the State Labor Relations Board (SLRB), the State Higher Education Labor Relations Board (SHELRB), and the Public School Labor Relations Board (PSLRB) and established PERB as an independent unit to oversee collective bargaining for all public employees. PERB has all the powers and duties granted by law to those boards. Chapter 114 also outlined the structure, staffing, responsibilities, and powers of the board. The bill specified that PERB is bound by prior opinions and decisions of SLRB, SHELRB, and PSLRB but not by any prior regulation, order, or action of the three boards, except decisions regarding unit composition. The bill further specified that the board is bound by certain judicial orders regarding the scope of bargaining. In the fiscal 2025 allowance, PERB receives four new positions and approximately \$1.3 million, an increase of \$844,129, or 171.9%, compared to the fiscal 2024 appropriation.

PERB should provide an update on the implementation of the new board, including consolidating previous labor relations boards, hiring new positions, and setting up the board membership requirements. In addition, PERB should comment on how the new structure will impact the agency’s operations and budget needs in the future.

Operating Budget Recommended Actions

1. Adopt the following narrative:

Agency Minority Business Enterprise (MBE) Participation Attainment and Liaison Surveys: The committees are concerned by the continued low MBE attainment in State procurement and vacancies among Small Business Reserve and MBE program liaison positions in some State agencies. The committees request that the Governor’s Office of Small, Minority, and Women Business Affairs (GOSBA), in consultation with the Department of General Services (DGS), continue to administer the Agency MBE Participation and Liaison surveys and report the results, by agency, including the time required to fill vacant program liaison positions, to the committees by December 1, 2024.

Information Request	Author	Due Date
Agency MBE participation attainment and liaison surveys	GOSBA DGS	December 1, 2024

Appendix 1
2023 Joint Chairmen’s Report Responses from Agency

The 2023 *Joint Chairmen’s Report* (JCR) requested that the Executive Department prepare one report. Electronic copies of the full JCR response can be found on the DLS Library website.

- ***Agency MBE Participation Attainment and Liaison Surveys:*** Due to concerns with low MBE attainment in State procurement, the committees requested that GOSBA, in consultation with the Department of General Services, continue administering the agency MBE participation and liaison surveys and report the results by agency. Further discussion of MBE participation can be found in Key Observation 1 of this analysis.

Appendix 2
Object/Fund Difference Report
Executive Department - Boards, Commissions, and Offices

<u>Object/Fund</u>	<u>Actual FY 23</u>	<u>Working Appropriation FY 24</u>	<u>Allowance FY 25</u>	<u>Amount Change FY 24 - FY 25</u>	<u>Percent Change</u>
Positions					
01 Regular	73.60	63.80	67.00	3.20	5.0%
02 Contractual	1.50	3.50	4.30	0.80	22.9%
Total Positions	75.10	67.30	71.30	4.00	5.9%
Objects					
01 Salaries and Wages	\$8,498,314	\$9,116,890	\$8,835,439	-\$281,451	-3.1%
02 Technical and Special Fees	967,160	1,346,831	1,176,945	-169,886	-12.6%
03 Communication	62,396	64,840	76,099	11,259	17.4%
04 Travel	59,373	49,008	80,867	31,859	65.0%
07 Motor Vehicles	10,721	44,992	24,230	-20,762	-46.1%
08 Contractual Services	1,218,731	1,467,799	1,242,629	-225,170	-15.3%
09 Supplies and Materials	34,884	38,207	42,780	4,573	12.0%
10 Equipment – Replacement	634	8,008	68,304	60,296	752.9%
11 Equipment – Additional	28,079	6,685	2,500	-4,185	-62.6%
12 Grants, Subsidies, and Contributions	5,831,269	100,068	0	-100,068	-100.0%
13 Fixed Charges	395,244	199,406	316,857	117,451	58.9%
Total Objects	\$17,106,805	\$12,442,734	\$11,866,650	-\$576,084	-4.6%
Funds					
01 General Fund	\$9,495,002	\$10,432,969	\$10,975,142	\$542,173	5.2%
03 Special Fund	599,855	628,773	520,908	-107,865	-17.2%
05 Federal Fund	6,336,979	452	0	-452	-100.0%
09 Reimbursable Fund	674,969	1,380,540	370,600	-1,009,940	-73.2%
Total Funds	\$17,106,805	\$12,442,734	\$11,866,650	-\$576,084	-4.6%

Note: The fiscal 2024 appropriation does not include deficiencies or across-the-board reductions. The fiscal 2025 allowance does not include cost-of-living adjustments.