

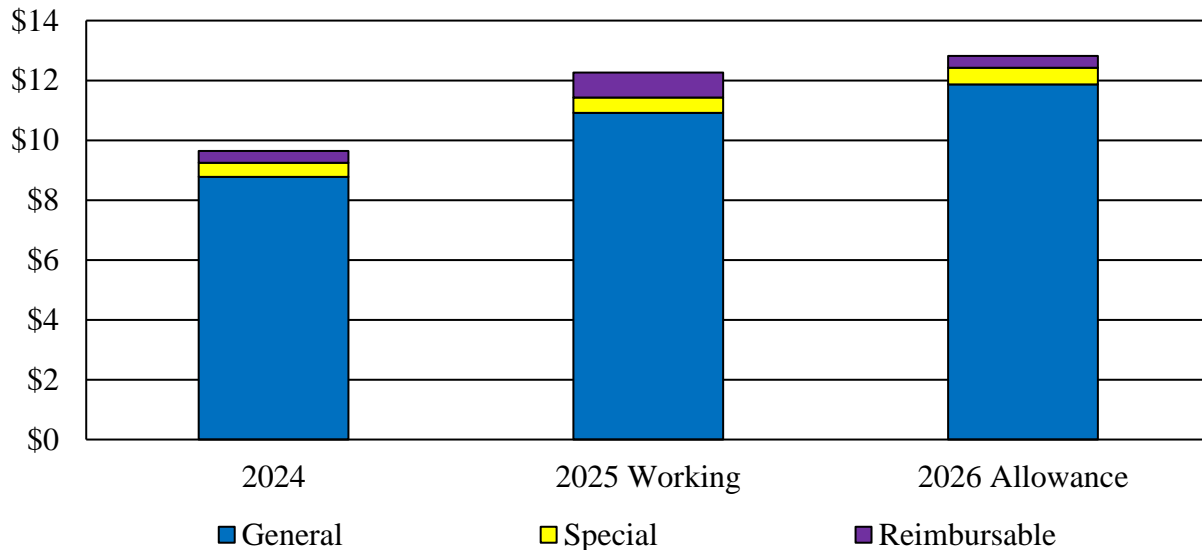
D15A05
Boards, Commissions, and Offices
Executive Department

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; the Maryland State Commission on Criminal Sentencing Policy (MSCCSP); the Governor’s Grants Office (GGO); the Public Employee Relations Board; and the Board of Contract Appeals. Beginning in fiscal 2025, the functions of the Governor’s Coordinating Offices Shared Services Unit were realigned to other Executive Department offices.

Operating Budget Summary

Fiscal 2026 Budget Increases \$554,438, or 4.5%, to \$12.8 Million
(\$ in Millions)



Note: The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

For further information contact: Yashodhara Rai

Yashodhara.Rai@mlis.state.md.us

Fiscal 2025

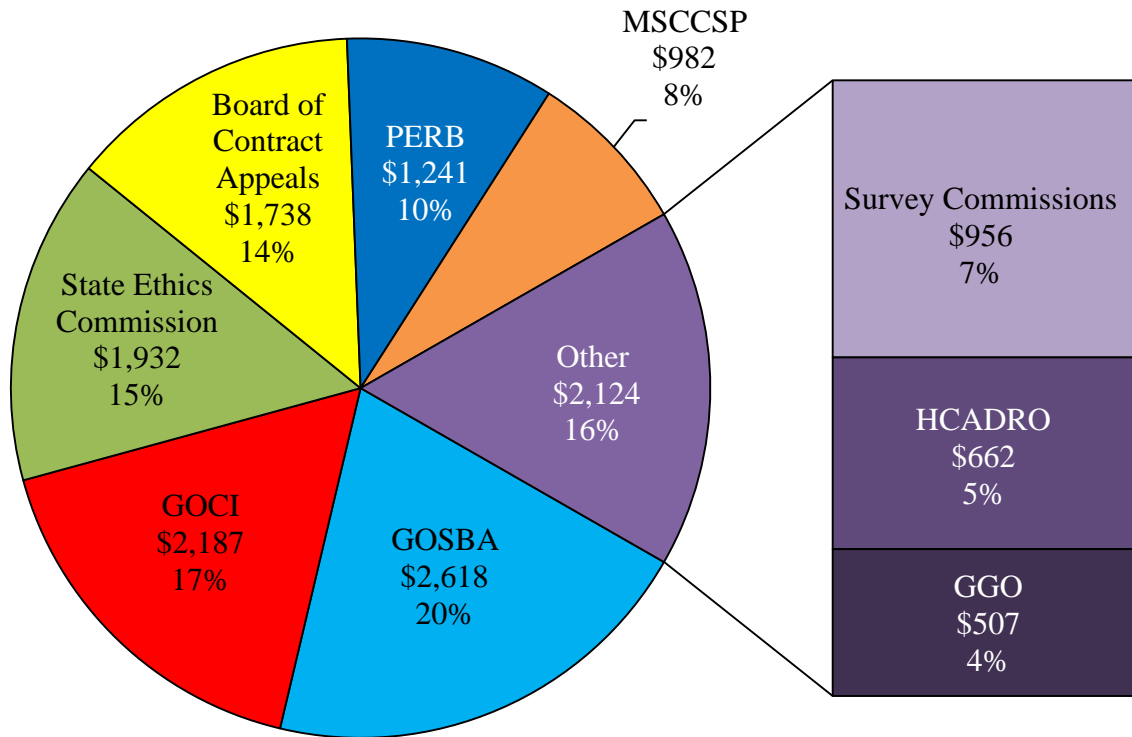
Proposed Deficiency

The fiscal 2026 budget includes a proposed deficiency appropriation of \$76,288 in general funds to transfer 1 position from the Office of the Governor to GGO to serve as the head of the agency.

Fiscal 2026 Overview of Agency Spending

As shown in **Exhibit 1**, the fiscal 2026 allowance includes a total of \$12.8 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 expanded opportunities in the public and private sectors, accounts for approximately \$2.6 million, or 20%, of the total budget. GOCI, which coordinates community and volunteer activities statewide as well as advises the Governor on policies to enhance and improve community programs, makes up approximately \$2.2 million, or 17%, of the fiscal 2026 allowance.

Exhibit 1
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Thousands)



Total Expenditures = \$12.8 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

MSCCSP: Maryland State Commission on Criminal Sentencing Policy

PERB: Public Employee Relations Board

Note: The fiscal 2026 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 2026 Budget Books

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2026 allowance increases by \$554,438, or 4.5%, compared to the fiscal 2025 working appropriation. Of this increase, approximately \$1.1 million is attributed to salary increases and associated fringe benefits. This is partially offset by the net decrease of 2.3 full-time equivalent contractual positions, a one-time reimbursable fund from Judiciary for the Maryland Automated Guidelines System (MAGS) update used by MSCCSP, as well as the update and maintenance of the financial disclosure system for State employees by the State Ethics Commission unit.

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

How Much It Grows:	General <u>Fund</u>	Special <u>Fund</u>	Reimb. <u>Fund</u>	<u>Total</u>
Fiscal 2024 Actual	\$8,782	\$466	\$394	\$9,641
Fiscal 2025 Working Appropriation	10,911	521	836	12,268
Fiscal 2026 Allowance	<u>11,865</u>	<u>556</u>	<u>401</u>	<u>12,822</u>
Fiscal 2025-2026 Amount Change	\$954	\$35	-\$435	\$554
Fiscal 2025-2026 Percent Change	8.7%	6.7%	-52.0%	4.5%

Where It Goes:	<u>Change</u>
Personnel Expenses	
Salary increases and associated fringe benefits including fiscal 2025 COLA and increments	\$1,131
Turnover decreases from 8.20% to 3.82%	380
Reclassification accounting for the salary and fringe benefits for the proposed deficiency transferring a position from the Office of the Governor to GGO	91
Employee and retiree health insurance	-144
Net decrease of 1.0 position	-149
Other fringe benefit adjustments	-46
Other Changes	
Cost allocations, mainly driven by DoIT services allocations and other information systems	173
One-time consulting services for GOSBA’s Mentorship-Protégé program’s feasibility study as required by Chapter 258 of 2021	20
Awards ceremony costs for GOSBA’s Mentorship-Protégé program	14
Motor vehicles and travel	-10
Additional office equipment, including computers and replacement	-25

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Where It Goes:	<u>Change</u>
Office supplies, telecommunications, advertising, printing, and publication	-27
Fixed subscriptions and other charges	-72
Update and maintenance of financial disclosure system for State employees by the State Ethics Commission.....	-75
Contractual personnel costs partially attributed to a net decrease of 2.3 FTE positions	-221
One-time Judiciary reimbursable fund for MAGS, used by MSCCSP.....	-465
Other expenditures	-21
Total	\$554

COLA: cost-of-living adjustments

DoIT: Department of Information Technology

FTE: full-time equivalent

GGO: Governor’s Grants Office

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

MAGS: Maryland Automated Guidelines System

MSCCSP: Maryland State Commission on Criminal Sentencing Policy

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

GOSBA Mentorship-Protégé Program

Chapter 258 of 2021 established a mentoring program under GOSBA, in which larger and more established minority businesses mentor start-up small minority businesses. In addition to establishing the program, the legislation required GOSBA to conduct a feasibility study of the mentorship program for providing one-on-one assistance to minority business enterprises (MBE) in submitting competitive and successful procurement bids and proposals, providing training and educational opportunities for nonpriority prime contractors regarding their duties under the State’s MBE program and establishing an annual awards program to recognize program participation. **The Executive Department should comment on the status of implementing Chapter 258, which took effect October 1, 2021.**

Personnel Data

	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25-26</u> <u>Change</u>
Regular Positions	64.00	71.00	70.00	-1.00
Contractual FTEs	<u>3.75</u>	<u>4.30</u>	<u>2.00</u>	<u>-2.30</u>
Total Personnel	67.75	75.30	72.00	-3.30

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	2.67	3.82%
Positions and Percentage Vacant as of 12/31/24	5.00	7.46%
Vacancies Above Turnover	2.48	

- The fiscal 2026 allowance reflects a net decrease of 1 position after accounting for position transfers and new positions. In fiscal 2026 for GOSBA, 3 new positions are added. Of these positions, 2 are added to establish the mentorship program as required by Chapter 258 and serve as the program’s director and outreach manager. Another new position is added to serve as a procurement forecast and outreach manager to implement Chapter 584 of 2024, which requires GOSBA to identify potential contracting opportunities for and increase outreach efforts to small businesses.
- All 5 vacant positions reported as of December 31, 2024, have been vacant for less than one year. The Executive Department advises that all vacant positions are being actively recruited, with 2 positions to be filled on January 22, 2025.
- Compared to the fiscal 2025 working appropriation, the fiscal 2026 turnover expectancy decreases from 8.20% to 3.82%, or by 4.38 percentage points. Despite this change, as of December 31, 2024, the Executive Department reported 2.48 positions above necessary vacancies to meet the new budgeted turnover.

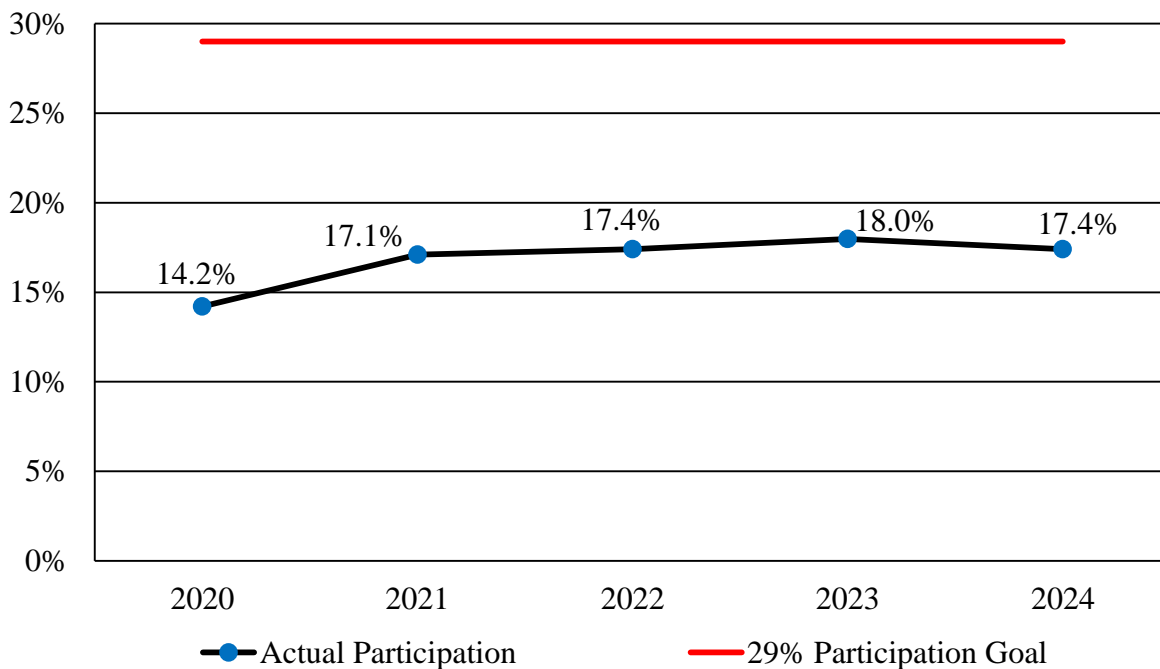
Key Observations

1. Minority Business Enterprise Program Participation Decreases Slightly

The MBE program was established in calendar 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. A new performance indicator that measures the number of certified firms in the MBE program was included in GOSBA’s Managing For Results (MFR) submission starting in fiscal 2024. There were 8,493 certified small businesses that participated in the MBE program in fiscal 2024.

Since fiscal 2014, the MBE program participation goal 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 MBE program participation has lowered slightly from fiscal 2023 by 0.6 percentage points to 17.4% in fiscal 2024, which is still well below the participation goal of 29%.

Exhibit 3
Minority Business Enterprise Participation Attainment
Fiscal 2020-2024



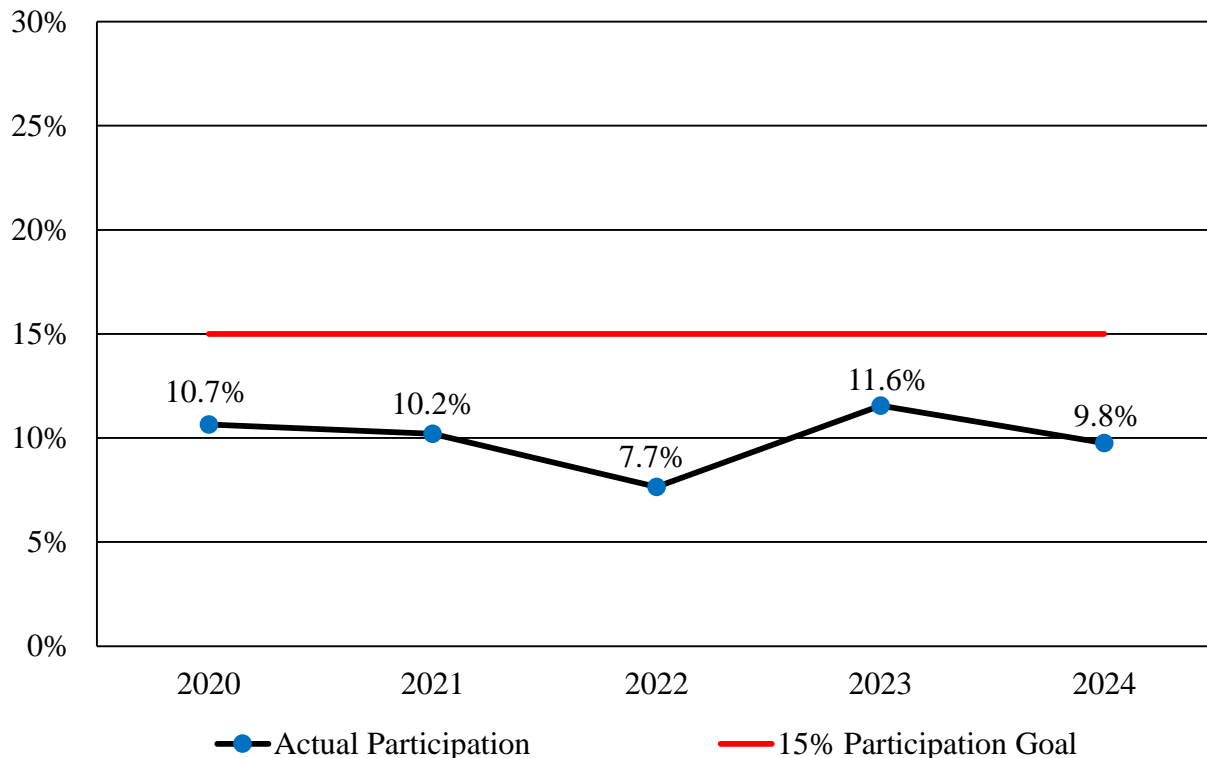
Source: Department of Budget and Management; Governor Office of Small, Minority, and Women Business Affairs; Department of Legislative Services

2. Small Business Reserve Participation Declines and Veteran-Owned Small Business Enterprise Participation Goal Raised

The Small Business Reserve (SBR) program was established in calendar 2004 to increase participation of small businesses in State contracting by adding rules to the State procurement process that give preference to qualifying prime contractors. Similarly to the MBE program, a new performance indicator that measures the number of certified firms in the SBR program was introduced in GOSBA’s fiscal 2024 MFR submission. In fiscal 2024, there were 4,493 certified small businesses that participated in the SBR program.

The SBR program’s participation goal has been 15% since fiscal 2017. However, this goal has been missed in each fiscal year since then. **Exhibit 4** shows that SBR program participation was 9.8% in fiscal 2024. Program participation has fluctuated over the past five years, with the lowest participation at 7.7% in fiscal 2022 and the highest participation at 11.6% in fiscal 2023.

Exhibit 4
Small Business Reserve Participation Attainment
Fiscal 2020-2024



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

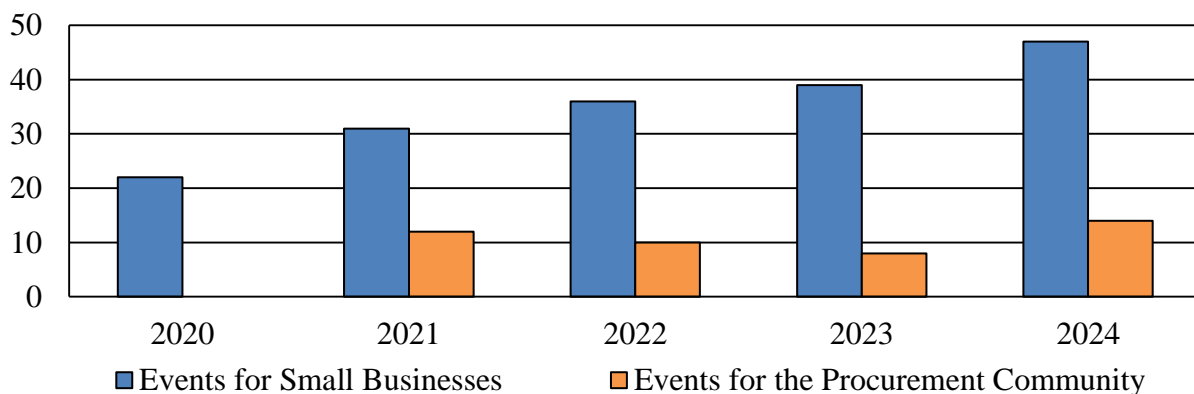
Veteran-Owned Small Business Enterprise Program

The Veteran-Owned Small Business Enterprise (VSBE) program was enacted in calendar 2010 to enhance opportunities for veteran-owned small businesses to participate in State-funded procurements. Starting fiscal 2024, a new performance indicator to measure the number of certified firms participating in the VSBE program was introduced. In fiscal 2024, there were 888 certified veteran-owned businesses who participated in this program. The VSBE program’s overall statewide goal of 1% of procurement contract funding, supporting certified VSBE firms has been increased to 3%, as reported by a press release from the Governor’s Office on September 18, 2024. However, GOSBA reported in its fiscal 2023 annual report that the VSBE program’s participation rate was only 0.75% in fiscal 2023, falling below both goals. **GOSBA should provide the statewide VSBE program participation rate for fiscal 2024 and discuss efforts to reach the new goal of 3%.**

3. Events for Small Businesses and Procurement Community Increase

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 and 15% SBR program participation. **Exhibit 5** shows the number of outreach events hosted by GOSBA for both small businesses and the procurement community. In fiscal 2024, GOSBA hosted the highest number of outreach events for both small businesses and the procurement community over the period shown, with 47 and 14 events hosted, respectively.

Exhibit 5
Outreach, Education, and Training Events
Fiscal 2020-2024



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

Through agency MBE program participation surveys, GOSBA collects data from all the State agencies and departments that participated in the MBE program and reviews the responses to gain insights on additional training, policies, procedures, or processes that may need to be implemented for better program outcomes. The liaison survey collects information from designated MBE and SBR program liaisons on the average amount of time spent administering these programs and if these positions are filled or vacant. Committee narrative in the 2024 *Joint Chairmen’s Report* (JCR) requested GOSBA, in consultation with the Department of General Services (DGS), to continue to administer agency MBE participation and liaison surveys and report the results to the budget committees by December 1, 2024. However, this report has not been submitted as of the writing this analysis. **GOSBA should discuss the reasons for the delay in reporting the results of the agency MBE participation and liaison surveys. The Department of Legislative Services (DLS) recommends adding language restricting \$100,000 in general funds from GOSBA pending the submission of the results of the agency’s MBE Participation and Liaison Attainment surveys.**

4. Governor’s Office of Community Initiatives Roles and Responsibilities Streamlined

In calendar 2004, GOCI was established to direct and coordinate the Governor’s Office on Service and Volunteerism (GOSV), the Volunteer Maryland program, and community initiatives throughout the State. Since then, multiple ethnic commissions were added to GOCI, and its mission evolved from focusing on the coordination of volunteer services within the State to coordinating, overseeing, and guiding the various ethnic commissions. In calendar 2023, GOSV and Volunteer Maryland were moved out of GOCI into the newly created Department of Service and Civic Innovation.

On January 7, 2025, Governor Wes Moore signed Executive Order 01.01.2025.04 that streamlines the existing units under GOCI and clarifies their roles and responsibilities. GOCI now includes six ethnic commissions: (1) the Commission on African Affairs; (2) the Commission on Asian and Pacific American Affairs; (3) the Commission on Caribbean Affairs; (4) the Commission on Hispanic and Latin American Community Affairs; (5) the Commission on Middle Eastern American Affairs; and (6) the Commission on South Asian American Affairs. GOCI also includes the Commission on Indian Affairs, the Commission on LGBTQIA+ Affairs, and the Governor’s Office of Immigrant Affairs. **The Executive Department should comment on how streamlining these existing units under GOCI impacts operations and budgetary requirements.**

Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that \$100,000 of this appropriation made for the purpose of administration in the Governor’s Office of Small, Minority and Women Business Affairs (GOSBA) may not be expended until GOSBA, in consultation with the Department of General Services, submits a report detailing the results of the agency Minority Business Enterprise (MBE) participation attainment and the Small Business Reserve and MBE liaison surveys. The report shall be submitted by December 1, 2025, and the budget committees shall have 45 days from the date of the receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

Explanation: This action adds language restricting general funds until GOSBA, in consultation with the Department of General Services (DGS), submits a report detailing the results of the agency MBE participation attainment and liaison surveys to the budget committees by December 1, 2025.

Information Request	Author	Due Date
Agency MBE participation attainment and liaison survey report	GOSBA DGS	December 1, 2025

Updates

- **Report on MSCCSP Guidelines and Racial Biases:** The sentencing guidelines are a tool to encourage proportional, fair, and just sentences that systematically account for two primary factors considered by judges while sentencing an individual: (1) offense severity; and (2) criminal history. MSCCSP amended its sentencing guidelines for specific cell ranges of the existing sentencing matrices for drug offenses and property offenses effective July 1, 2022. In response to committee narrative in the 2022 JCR, on July 11, 2022, MSCCSP submitted a plan to study the extent to which racial bias is present in sentences assigned through Maryland’s judicial system. A full report evaluating this issue for approximately 27,000 sentencing events in calendar 2018 through 2020 was submitted in July 2023.

The full report detailed the race and ethnicity of guidelines-sentenced individuals in Maryland circuit courts both statewide and by judicial circuit. The racial/ethnic categories included in the report were Black, White, Hispanic, and Other, which included American Indian/Alaska Native, Asian, and Native Hawaiian/other Pacific Islander. The report found that the majority of guidelines-sentenced individuals were Black; individuals in this category were also found to be more likely than those of other racial categories to have serious prior criminal records. The report noted that Black and Hispanic individuals were generally sentenced for more serious offenses and were more likely than White and Other race individuals to be sentenced for firearms/weapons offenses that carry mandatory minimum penalties. The report found that Black and Hispanic guidelines-sentenced individuals were more likely to be incarcerated and to be incarcerated for a longer period of time. The report noted that the different incarceration rate and sentence length may be attributed to an individual’s criminal history and offense severity rather than racial biases. Sentencing guidelines compliance rates were 82.1% for Blacks, 81.7% for White, 88.3% for Hispanic, and 86% for Other as compared to the MSCCSP’s recommended compliance rate of 65% or more.

MSCCSP plans to assess the impact of calendar 2022 sentencing guidelines revisions to the sentencing matrices for drug and property offenses by race and ethnicity in calendar 2026 after three full years of data are collected and reviewed. The commission also plans to assess if the offender score component of the sentencing guidelines may be amended to reduce previously existing racial and ethnic differences; review feasibility of amending MAGS to add a tool that assists calculating an individual’s prior criminal record; and examine if disparities exist in corrections options and other alternatives to incarceration. MSCCSP also noted that a comprehensive statewide analysis of the racial impact on mandatory minimum penalties, including the use of presentence detention and how it varies by race, may be helpful in further recognizing racial biases in sentencing guidelines.

Appendix 1
2024 Joint Chairmen’s Report Responses from Agency

The 2024 JCR requested that the Boards, Commissions, and Offices prepare one report. Electronic copies of the full JCR response can be found on the DLS Library website once the report is submitted.

- ***Agency MBE Participation Attainment and Liaison Surveys:*** Due to concerns with low MBE participation attainment in State procurement, the committees requested that GOSBA, in consultation with DGS, continue administering the agency MBE participation and liaison surveys, and report the results by agency. As of the writing of this analysis, GOSBA and DGS have not submitted this report.

**Appendix 2
Audit Findings**

Audit Period for Last Audit:	November 19, 2018 – February 28, 2023
Issue Date:	April 2024
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	N/A

The Office of Legislative Audits did not report any findings.

Appendix 3
Object/Fund Difference Report
Executive Department – Boards, Commissions and Offices

<u>Object/Fund</u>	<u>FY 24</u> <u>Actual</u>	<u>FY 25</u> <u>Working</u> <u>Appropriation</u>	<u>FY 26</u> <u>Allowance</u>	<u>FY 25 - FY 26</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	64.00	71.00	70.00	-1.00	-1.4%
02 Contractual	3.75	4.30	2.00	-2.30	-53.5%
Total Positions	67.75	75.30	72.00	-3.30	-4.4%
Objects					
01 Salaries and Wages	\$ 7,954,560	\$ 8,694,771	\$ 10,034,458	\$ 1,339,687	15.4%
02 Technical and Special Fees	716,397	1,176,945	956,370	-220,575	-18.7%
03 Communication	44,102	76,099	71,456	-4,643	-6.1%
04 Travel	57,179	80,867	75,856	-5,011	-6.2%
07 Motor Vehicles	11,548	24,230	19,230	-5,000	-20.6%
08 Contractual Services	601,589	1,707,989	1,326,069	-381,920	-22.4%
09 Supplies and Materials	29,593	42,780	48,600	5,820	13.6%
10 Equipment – Replacement	0	68,304	25,788	-42,516	-62.2%
11 Equipment – Additional	15,366	2,500	19,852	17,352	694.1%
13 Fixed Charges	210,908	316,857	244,389	-72,468	-22.9%
Total Objects	\$ 9,641,242	\$ 12,191,342	\$ 12,822,068	\$ 630,726	5.2%
Funds					
01 General Fund	\$ 8,781,856	\$ 10,834,474	\$ 11,864,848	\$ 1,030,374	9.5%
03 Special Fund	465,816	520,908	555,931	35,023	6.7%
05 Federal Fund	0	0	0	0	0.0%
09 Reimbursable Fund	393,570	835,960	401,289	-434,671	-52.0%
Total Funds	\$ 9,641,242	\$ 12,191,342	\$ 12,822,068	\$ 630,726	5.2%

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.