

OPERATING BUDGET HIGHLIGHTS

DNR's FY10 total Operating Budget allowance is roughly \$213 million, an approximate \$22 million (10.3%) increase from our FY09 working appropriation. The Department was, for the most part, able to fend off a number of recommended cuts by the Department of Legislative Services (DLS) that were suggested to the Governor's Operating Budget as introduced. DNR was able to maintain funding for the Civic Justice Corps (CJC) Program within the Maryland Park Service (MPS), as well as maintain the General Fund appropriation of \$1.8 million (previously specially funded from a comparable percentage of the motor fuel tax which was changed to a General Fund appropriation during the 2007 Special Session) and the match of \$750 thousand in General Funds to complement certain fishing license fee increases as a result of SB1012 of the 2007 session for Fisheries Service. DNR's Office of Communications was also able to maintain a PIN and associated General Funds that were recommended for deletion. Additionally, there are a number of reports required of DNR and other agencies related to the budget as a result of Committee Narrative and Budget Amendments contained in the Joint Chairmen's Report (JCR) which is discussed further below. In addition to those reports required of DNR, examples of other reports of interest include requiring the Maryland Department of Planning (MDP) to submit the Maryland Land Preservation and Recreation Plan by July 1, 2009 before they can spend \$1 million in General Funds for operating expenses; as well as a report by the Maryland Emergency Medical System Operations Fund (MEMSOF) on the update of the 2009 Base Assessment Study, to include information on the Maryland State Police's assumption of DNR's Aviation Unit's mission; and a report on Chesapeake Bay Restoration expenditures to be submitted with the Governor's FY2011 budget.

The other piece in the budget puzzle, the BRFA, contained several items also affecting DNR's budget. In addition to the bonding provisions for POS discussed above, the BRFA also expressly allows the Maryland Historical Trust (MHT) and Historic St. Mary's City to be eligible for POS capital development funding. There was also a provision included for FYs10 and 11 to allow \$1.2 million of the State's share of POS for POS administrative expenses, to be appropriated in the budgets of DNR, the Department of General Services and the Department of Planning. A reduction of the State's funding of the Chesapeake Bay 2010 Trust Fund takes place through the BRFA, reducing the motor fuel and short-term vehicle rental taxes directed to the Trust Fund by \$21.5 million and transferring that amount to the General Fund. That leaves a proposed State funding total of about \$10 million for FY10 (though it was authorized at up to \$50 million during the 2007 special session when it was created), with \$1.9 million of that for cover crops. The BRFA permanently deletes the approximately \$1.8 million in General Funds for the Waterway Improvement Fund (WWIF) (previously specially funded from a comparable percentage of the motor fuel tax which was changed to a General Fund appropriation during the 2007 Special Session), as well as to once again allow charging of administrative expenses, up to \$750,000, to the WWIF. County payments made by DNR in lieu of taxes from the Forest or Park Reserve Fund and the Forest and Park Concession Account were suspended for FYs10 and 11, excepting for any revenue derived from timber sales. Finally, the BRFA permanently raises the cap on the POS Contingency Fund from \$250,000 to \$1 million, eliminating the need for separate Departmental legislation that was [HB 1415](#).

Joint Chairmen's Report

K – Department of Natural Resources

WILDLIFE AND HERITAGE SERVICE

Committee Narrative

K00A03.01 Wildlife and Heritage Service

Mitigating Financial Impact from Black Bear Damage: Revenues credited from the sale of conservation black bear stamps to Maryland's existing Black Bear Damage Reimbursement Fund (Natural Resources Article §10-423.1) are insufficient to fairly compensate landowners for agricultural damage caused by black bears. Legislation was considered by the 2009 General Assembly to augment these revenues by earmarking permit application fees derived from the annual black bear hunting lottery conducted by the Department of Natural Resources (DNR) (Senate Bill 293/House Bill 327). However, it was found that the proposed statutory diversion of hunting license fee monies for such purposes violated certain federal and State laws. Therefore, it is the intent of the committees that DNR, in cooperation with the Maryland Legislative Sportsmen's Foundation, develop alternative funding proposals – deemed legally sufficient – for reimbursing landowners who incur agricultural damage caused by black bears. The proposals are to be submitted to the committees no later than November 1, 2009.

Information Request

Alternative proposals for mitigating financial impact from black bear damage

Authors

DNR
Maryland Legislative
Sportsmen's Foundation

Due Date

November 1, 2009

MARYLAND PARK SERVICE

Committee Narrative

K00A04.01 Statewide Operation

Fishermen Access to Point Lookout State Park: It is the intent of the committees that the entrance fee at Point Lookout State Park be waived for local fishermen that are only using the fishing pier at Point Lookout State Park.

Committee Narrative

Civic Justice Corps Alternative Funding Sources: The committees are concerned that the Civic Justice Corps program within the Department of Natural Resources' (DNR) is being funded with special funds that might otherwise be dedicated to the improvement of Maryland parks for the benefit of all Maryland citizens. In addition, the Department of Juvenile Services (DJS) is a direct partner in the program but does not appear to have provided any funding and the Maryland State Department of Education (MSDE) has funded similar programs but does not appear to have been approached to fund this particular program. Therefore, DNR, DJS, and MSDE shall submit a report to the committees by December 1, 2009, identifying alternative sources of funding for the Civic Justice Corps program.

| Information Request | Authors | Due Date |
|--|--------------------|------------------|
| Alternative funding sources for Civic Justice Corps report | DNR DJS MSDE | December 1, 2009 |

LAND ACQUISITION AND PLANNING

Budget Amendment

K00A05.10 Outdoor Recreation Land Loan

Add the following language: Notwithstanding the appropriations above, the Special Fund Appropriation for the Outdoor Recreation Land Loan shall be reduced by \$17,971,359 contingent on the enactment of HB 101 or SB 166 crediting \$17,971,359 of the transfer tax revenues to the General Fund and further contingent on the 2009 Maryland Consolidated Capital Bond Loan providing general obligation bond authorizations in an amount sufficient to fully replace the diverted transfer tax revenues. The reduction shall be distributed in the following manner:

| | |
|---|------------|
| Rural Legacy | 11,812,252 |
| Program Open Space – Capital Improvements | 6,159,107 |
| Total | 17,971,359 |

Explanation: This action reduces the special fund appropriation by \$17,971,359 for two programs funded by the transfer tax contingent on (1) the enactment of legislation that credits \$17,971,359 of the transfer tax revenues to the General Fund and (2) the 2009 Maryland Consolidated Capital Bond Loan providing general bond authorizations to replace the diverted transfer tax revenues.

Committee Narrative

Five-year Plan for Capital Development Projects: The budget committees are concerned that capital development projects may not be receiving the funding necessary due to fluctuations in the transfer tax and the prioritization of large projects that require multiple years of funding. Therefore, the Department of Natural Resources should submit a report on a five-year plan for funding capital development projects.

| Information Request | Author | Due Date |
|--|---------------|-----------------|
| Five-year capital development project plan | DNR | July 1, 2009 |

BOATING SERVICES

Budget Amendments

K00A11.01 Boating Services

Strike the following language: [, provided that this appropriation shall be reduced by \$1,794,000 contingent upon the enactment of legislation to reduce the General Fund contribution to the Waterway Improvement Fund.]

Explanation: Technical amendment to reflect budget action.

| | | |
|---|--------------|------------------|
| Reduce appropriation for the purposes indicated: | Funds | Positions |
| 1. Delete the Boating Services general fund appropriation. This action would reduce the general fund appropriation by \$1,794,000. The inclusion of \$1,794,000 was mandated by Chapter 6 of the 2007 special session. This action is consistent with the Governor's Budget Reconciliation and Financing Act of 2009. | 1,794,000 GF | |
| Total Reductions | 1,794,000 | 0.00 |

| Effect | Allowance | Appropriation | Amount Reduction | Position Reduction |
|--------------------|------------------|----------------------|-------------------------|---------------------------|
| Position | 48.00 | 48.00 | | 0.00 |
| General Fund | 1,794,000 | 0 | 1,794,000 | |
| Special Fund | 6,410,105 | 6,410,105 | 0 | |
| Federal Fund | 488,888 | 488,888 | 0 | |
| Total Funds | 8,692,993 | 6,898,993 | 1,794,000 | |

WATERSHED SERVICES

K00A14.02 Watershed Services

Amend the following language: [, provided that this appropriation shall be reduced by \$6,487,556 contingent upon the enactment of legislation to allocate Chesapeake Bay 2010 Trust Fund revenue to the General Fund,] provided that no more than \$1,900,000 of this appropriation funded with Chesapeake and Atlantic Coastal Bays 2010 Trust Fund revenue shall be spent on the Cover Crop Program. Further provided that no portion of this appropriation made for the purpose of nonpoint source nutrient and sediment reduction funded with Chesapeake and Atlantic Coastal Bays 2010 Trust Fund revenue shall be spent until the Department of Natural Resources has submitted a report to the budget committees providing the name, location, description, and nutrient and sediment reduction targets for all projects to be funded in fiscal 2010. The budget committees shall have 45 days to review and comment from the date of receipt of the report.

Explanation: The Cover Crop Program receives \$17.8 million in the fiscal 2010 allowance including \$11.9 million from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund. This funding level has not been supported by previous years' actual spending. Therefore, the Cover Crop Program shall receive no more than \$1.9 million from the Chesapeake Bay 2010 Trust Fund, which, in conjunction with other actions, funds the Cover Crop Program at \$12.3 million for fiscal 2010. Chapters 120 and 121 of 2008 require that the BayStat Subcabinet submit annual work and expenditure plans as part of the annual budget submission. The originally submitted annual work plan contains neither nutrient and sediment reduction targets nor information about specific projects. In addition, reductions made elsewhere in the budget will necessitate changes in the projects funded. Therefore, the budget committees require that a report be submitted on the name, location, description, and nutrient and sediment reduction targets for all projects to be funded with Chesapeake and Atlantic Coastal Bays 2010 Trust Fund monies in fiscal 2010. The

budget committees have 45 days to review and comment upon the report from the date of receipt of the report.

| | | |
|---|---------------|--|
| Information Request | Author | Due Date |
| Report on the projects funded with Chesapeake Bay 2010 Trust Fund revenue | DNR | 45 days prior to the expenditure of the fiscal 2010 allocation from the Chesapeake Bay 2010 Trust Fund |

Reduce appropriation for the purposes indicated:
 1. Reduce the Watershed Services appropriation from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund allocation. This action is taken as part of the following: (1) reduce the Chesapeake Bay 2010 Trust Fund appropriation by \$21.5 million; (2) reduce the cover crop reimbursable fund allocation from the Chesapeake Bay 2010 Trust Fund by \$10.0 million; and (3) restrict \$5.0 million of Bay Restoration Fund – Septic Account funding allocated to septic system projects instead to be used by the Cover Crop Program as part of the Budget Reconciliation and Financing Act of 2009. These actions (1) reduce the Chesapeake Bay 2010 Trust Fund allocation by \$15.0 million more than the Governor’s proposal leaving \$12.3 million for cover crops in the Maryland Department of Agriculture budget; (2) provide \$8.1 million for the non-cover crop allocations from the Chesapeake and Atlantic Coastal Bays 2010 Trust Fund in the Department of Natural Resources’ budget; and (3) in conjunction with budget reconciliation legislation provide additional general funds to address the State’s revenue shortfall.

| | |
|---------------|------------------|
| Funds | Positions |
| 21,486,556 SF | |

| | | |
|------------------|------------|------|
| Total Reductions | 21,486,556 | 0.00 |
|------------------|------------|------|

| Effect | Allowance | Appropriation | Amount Reduction | Position Reduction |
|--------------------|-------------------|----------------------|-------------------------|---------------------------|
| Position | 67.75 | 67.75 | | 0.00 |
| General Fund | 3,424,244 | 3,424,244 | 0 | |
| Special Fund | 32,305,173 | 10,818,617 | 21,486,556 | |
| Federal Fund | 6,627,195 | 6,627,195 | 0 | |
| Total Funds | 42,356,612 | 20,870,056 | 21,486,556 | |

Committee Narrative

Use of Funds for Chesapeake Bay Restoration: The committees are concerned that there is inadequate accountability of Chesapeake Bay restoration spending. Therefore, the BayStat agencies – Department of Natural Resources, Maryland Department of Agriculture, Maryland

Department of the Environment, and Maryland Department of Planning – shall submit a schedule of contracts and interagency agreements exceeding \$25,000, as provided on Department of Budget and Management (DBM) form DBM-DA-23, by budgeted subprogram related to Chesapeake Bay restoration. The schedule shall detail the amount of the funding and the purpose of the funding. The schedule shall cover fiscal 2009 and budgeted recipients for fiscal 2010, and 2011. The schedule shall be submitted to the committees with the Governor’s fiscal 2011 budget submission.

| Information Request | Authors | Due Date |
|--|--------------------------|---|
| Schedule of contracts and interagency agreements related to Chesapeake Bay restoration | DNR MDA MDE MDP | With submission of Governor’s FY11 budget |

Other items of DNR interest in the Joint Chairmen’s Report – Operating Section

C81C – Office of the Attorney General

Committee Narrative

Allocation and Costs of Assistant Attorneys General and Staff Attorneys: Salaries of Assistant Attorneys General (AAG) and staff attorneys assigned to Executive Branch agencies are budgeted within those respective agencies. While the AAGs and staff attorneys have a reporting relationship to the Office of the Attorney General (OAG), OAG does not manage the costs associated with those personnel. In order to maintain an understanding of the statewide costs relating to all activities of OAG, the committees request that OAG submit with its annual budget request a complete listing of salaries for all AAGs and staff attorneys throughout the Executive Branch.

| Information Request | Author | Due Date |
|---|---------------|----------------------------|
| Salaries of all Assistant Attorneys General and staff attorneys in Executive Branch | OAG | With annual budget request |

D13A – Executive Department, Maryland Energy Administration

Committee Narrative

D13A13.01 General Administration

Impact of Fiscal 2010 Bill Assistance, Rate Relief, Energy Efficiency, and Renewable Energy Program Spending: The budget committees are concerned that a substantial amount of new funding from the Strategic Energy Investment Fund and federal stimulus funding has become available for bill assistance, rate relief, energy efficiency, and renewable energy programs in fiscal 2010. Yet, there is no overall plan for how this funding will be used to meet the State’s various energy goals as follows:

- per capita peak demand reduction;
- per capita energy consumption reduction;
- State agency energy consumption reduction;
- greenhouse gas reduction; and
- the renewable portfolio standard.

Therefore, the budget committees request that the Maryland Energy Administration (MEA) coordinate with the Department of Human Resources (DHR), Public Service Commission (PSC), Department of Housing and Community Development (DHCD), Maryland Department of the Environment (MDE), and Department of General Services (DGS) on a report outlining how the fiscal 2010 funding will be used to meet each of the aforementioned goals and how the funding will be aligned with the State comprehensive energy plan proposed to be completed by June 30, 2009.

| Information Request | Authors | Due Date |
|--|-----------------------------------|-------------------|
| Report on impact of fiscal 2010 bill assistance, rate relief, energy efficiency, and renewable energy program spending | MEA, DHR, PSC, DHCD, MDE, and DGS | December 15, 2009 |

D40W – Department of Planning

Budget Amendment

D40W01.01 Administration

Add the following language to the general fund appropriation: , provided that \$1,000,000 of this appropriation made for the purpose of general operating expenses may not be expended unless the Maryland Department of Planning submits the Maryland Land Preservation and Recreation Plan to the budget committees by July 1, 2009. The budget committees shall have 45 days to review and comment.

Explanation: The Maryland Land Preservation and Recreation Plan is required to be updated by the Maryland Department of Planning (MDP) in cooperation with the Department of Natural Resources every six years and was last updated in 2001. Last year, MDP stated that the plan would be published May 15, 2008; however, the plan publication date now has been pushed back a year to May 2009. Therefore, \$1,000,000 in general funds may not be expended in MDP's fiscal 2010 budget unless the Maryland Land Preservation and Recreation Plan is submitted by July 1, 2009.

| Information Request | Author | Due Date |
|--|---------------|-----------------|
| Maryland Land Preservation and Recreation Plan | MDP | July 1, 2009 |

Committee Narrative

Report on Statewide Spending Related to Priority Funding Areas: The committees are concerned that no historical baseline of statewide spending inside and outside of Priority Funding Areas is available. This spending would provide a better understanding of how the

State’s primary smart growth tool – the focusing of State spending in Priority Funding Areas – is functioning. Therefore, the Maryland Department of Planning (MDP), in conjunction with the Smart Growth Subcabinet, should report to the committees on the amount of all State operating and capital budget spending (including local general obligation bonds) for each year from fiscal 2006 through 2008. This report may be considered as additional information to that provided in fiscal 2009 by the Smart Growth Subcabinet as required under the reporting requirements of State Government Article Section 9-1406(i).

| Information Request | Author | Due Date |
|---|---------------|-------------------------------------|
| Report on historical statewide spending related to Priority Funding Areas | MDP | Fiscal 2011 State budget submission |

H – Department of General Services

Committee Narratives

Submission of an Annual Report on Energy Conservation: The State Building Energy Efficiency and Conservation Act of 2006 required the Department of General Services (DGS) and the Maryland Energy Administration to develop energy use index and savings goals for every State agency. Beginning November 1, 2009, and annually thereafter, DGS shall submit a report to the committees outlining statewide utility costs and consumption (by agency). The report shall also outline what efforts have been made by the department to reduce statewide energy consumption. Lastly, the report shall include an update on the State’s level of compliance with the State Building Energy Efficiency and Conservation Act.

| Information Request | Author | Due Date |
|-------------------------------|---------------|---|
| Report on energy conservation | DGS | November 1, 2009, and annually thereafter |

Report on Facility Maintenance and Renewal Program: The budget committees are concerned that the demand for State facility maintenance and renewal funding far exceeds the State’s capacity under the current funding structure to adequately support these programs and ensure that the State assets are properly maintained. The committees request that the Department of General Services (DGS) develop a strategic plan for improving the State’s entire facility maintenance and renewal process, including facility assessment, project management, project procurement, and programmatic funding levels and sources. The strategic plan should include adding a square foot assessment charge for critical maintenance to the current annual square footage rent calculation for each State-owned facility. For facilities renewal projects, the plan should include adding a surcharge (excluding grant and loan programs) to projects that are administered via the State’s general obligation bond (GO) program. The plan should specifically address:

- the amount of annual funding (on an ongoing basis) required to adequately address the State’s critical maintenance and facilities renewal needs, including additional personnel required to administer the programs;
- the amount of annual funding required to reduce the State’s critical maintenance and facilities renewal backlogs on a phased-in basis;

- the portion of the rental rate fee increase for facilities operations and maintenance that would be directly associated with critical maintenance projects, including how the critical maintenance fee would be assessed statewide (by facility and agency) across all fund types based on a statewide square footage calculation; and
- how the proposed GO bond program surcharge would be administered and assessed by DGS to raise at a minimum, \$20 million annually.

The budget committees further request that the strategic plan include draft legislation for consideration by the General Assembly during the 2010 session. The draft legislation should include a provision that specifies the critical maintenance and facilities renewal set asides may only be expended for building maintenance. The strategic plan and legislation shall be submitted to the budget committees by October 1, 2009.

| Information Request | Author | Due Date |
|--|---------------|-----------------|
| Report on facility maintenance and renewal | DGS | October 1, 2009 |

L – Department of Agriculture

OFFICE OF MARKETING, ANIMAL INDUSTRIES, AND CONSUMER SERVICES L00A12.20 Maryland Agricultural and Resource-Based Industry Development Corporation

Budget Amendment

Strike the following language: [, provided that this appropriation shall be reduced by \$1,250,000 contingent upon the enactment of legislation reducing the mandated amount of funds for the Maryland Agricultural and Resource-Based Industry Development Corporation.]

Explanation: Technical amendment to reflect budget action.

| | Funds | Positions |
|--|--------------|------------------|
| Reduce appropriation for the purposes indicated: | | |
| 1. Reduce the grant to the Maryland Agricultural and Resource-Based Industry Development Corporation (MARBIDCO), leaving \$2.75 million for fiscal 2010. The fiscal 2010 allowance includes the statutorily mandated \$4.0 million appropriation. However, the Budget Financing and Reconciliation Act (BRFA) of 2009 reduces the grant to MARBIDCO by \$1.25 million, which is equal to the fiscal 2009 working appropriation of \$2.75 million. Therefore, the reduction level funds MARBIDCO at the fiscal 2009 appropriation and is consistent with the Governor’s BRFA. | 1,250,000 GF | |
| Total Reductions | 1,250,000 | 0.00 |

| Effect | Allowance | Appropriation | Amount Reduction | Position Reduction |
|--------------------|------------------|----------------------|-------------------------|---------------------------|
| General Fund | 4,000,000 | 2,750,000 | 1,250,000 | |
| Total Funds | 4,000,000 | 2,750,000 | 1,250,000 | |

MEMSOF – Maryland Emergency Medical System Operations Fund

Committee Narrative

Submission of an Update Report on the February 2009 Base Assessment Study: The Maryland Institute for Emergency Medical Services Systems (MIEMSS), in consultation with the Department of State Police (DSP), shall submit formal recommendations to the budget committees regarding the number of bases and helicopters necessary to provide statewide emergency medical services coverage. In developing the recommendations, MIEMSS and DSP should consider flight data collected over a two-year period following the September 2008 accident; the implementation of new triage protocols; DSP’s assumption of the Department of Natural Resources’ missions; and the impact of any changes to the existing trauma hospital network. MIEMSS and DSP should seek an alternative base assessment study that accounts for the true measure of the “golden hour,” which is the hour between injury and delivery of a patient to a trauma center. The report shall be submitted by December 1, 2010, to the budget committees, any policy committee that is likely to have oversight over this issue, and if established by law, the Legislative Joint Oversight Committee on Emergency Medical Services.

| Information Request | Authors | Due Date |
|--|----------------|------------------|
| Update on the 2009 Base Assessment Study | MIEMSS, DSP | December 1, 2010 |

R00A02 – State Department of Education

AID TO EDUCATION

R00A02.10 Environmental Education

Budget Amendment

Add the following language to the general fund appropriation: , provided that it is the intent of the General Assembly that the NorthBay Environmental Education Program be transferred to the Funding for Educational Organizations budget in fiscal 2011.

Explanation: The NorthBay Environmental Education Program funding would be better suited as part of the Funding for Educational Organizations program than as a separate line item. This may not guarantee the same level of funding as fiscal 2010.

| | Funds | Positions |
|---|--------------|------------------|
| Reduce appropriation for the purposes indicated: | | |
| 1. Reduce funds for NorthBay Environmental Education Program. | 150,000 GF | |
| Total Reductions | 150,000 | 0.00 |

| Effect | Allowance | Appropriation | Amount Reduction | Position Reduction |
|--------------------|------------------|----------------------|-------------------------|---------------------------|
| General Fund | 775,000 | 625,000 | 150,000 | |
| Total Funds | 775,000 | 625,000 | 150,000 | |

U00A – Department of the Environment

WATER MANAGEMENT ADMINISTRATION

U00A04.01 Water Management Administration

Committee Narrative

Study on Septage Disposal: The committees are concerned that septage – sewage pumped or removed from an onsite sewage disposal system, such as a portable toilet, or septic tank – is not being properly disposed of in Maryland. For instance, current regulations exempt onsite sewage disposal system owners and operators from a septage removal schedule and lack the requirement of a manifest system for septage haulers. Given that the Maryland Department of the Environment (MDE) currently is developing a new comprehensive regulatory regime for sewage sludge and septage that is anticipated to be released in 2009, the committees request that MDE submit a study on the state of septage disposal in Maryland including recommendations on how to correct any issues identified.

| Information Request | Author | Due Date |
|----------------------------|---------------|-------------------|
| Study on septage disposal | MDE | September 1, 2009 |

Sections

Amend the following section:

Section 21 Deferred Compensation Funding

SECTION 21. AND BE IT FURTHER ENACTED, That notwithstanding the provisions of § 32-205 of the State Personnel and Pensions Article and contingent upon the enactment of legislation to eliminate the payment of employer contributions for State supplemental plans in the Optional Defined Contribution System in fiscal 2010 the State shall not be required to make the employer contributions to the applicable State supplemental plan for participating employees in the Optional Defined Contribution System. Funding for this purpose (Comptroller subobject 0172) shall be reduced in fiscal year 2010 in accordance with a schedule determined by the Governor.

Explanation: This action deletes all deferred compensation for all branches of State Government. Of this reduction, \$1,972,114 represents general funds in R75T for higher education. The Administration’s budget plan assumes these reductions will be made.

Add the following section:

Section 28 Reporting Federal Funds

SECTION 28. AND BE IT FURTHER ENACTED, That the Governor’s budget books shall include a summary statement of federal revenues by major federal program sources supporting the federal appropriations made therein along with the major assumptions underpinning the federal fund estimates. The Department of Budget and Management (DBM) shall exercise due

diligence in reporting this data and ensure that they are updated as appropriate to reflect ongoing congressional action on the federal budget. In addition, DBM shall provide to the Department of Legislative Services (DLS) data for the actual, current, and budget years listing the components of each Federal Fund Appropriation by Catalog of Federal Domestic Assistance number or equivalent detail for programs not in the catalog. Data shall be provided in an electronic format subject to the concurrence of DLS.

Explanation: This annual language provides for consistent reporting of federal monies received by the State.

| Information Request | Author | Due Date |
|---|---------------|---------------------------------------|
| Report of components of each federal fund appropriation | DBM | With submission of fiscal 2011 budget |

Add the following section:

Section 29 Federal Fund Spending

SECTION 29. AND BE IT FURTHER ENACTED, That in the expenditure of federal funds appropriated in this budget or subsequent to the enactment of this budget by the budget amendment process:

(1) State agencies shall administer these federal funds in a manner that recognizes that federal funds are taxpayer dollars that require prudent fiscal management, careful application to the purposes for which they are directed, and strict attention to budgetary and accounting procedures established for the administration of all public funds.

(2) For fiscal 2010, except with respect to capital appropriations, to the extent consistent with federal requirements:

(a) when expenditures or encumbrances may be charged to either State or federal fund sources, federal funds shall be charged before State funds are charged; this policy does not apply to the Department of Human Resources with respect to federal funds to be carried forward into future years for child welfare or welfare reform activities, or to the Department of Health and Mental Hygiene with respect to funds to be carried forward into future years for the purpose of reducing the waiting list for community services for individuals with developmental disabilities or with respect to funds to be carried forward into future years for HIV/AIDS-related activities, or to the Maryland State Department of Education with respect to funds to be carried forward into future years for child care;

(b) when additional federal funds are sought or otherwise become available in the course of the fiscal year, agencies shall consider, in consultation with the Department of Budget and Management, whether opportunities exist to use these federal revenues to support existing operations rather than to expand programs or establish new ones; and

(c) the Department of Budget and Management shall take appropriate actions to effectively establish these as policies of the State with respect to administration of federal funds by Executive agencies.

Explanation: This annual language defines the policies under which federal funds shall be used in the State budget.

Add the following section:

Section 30 Indirect Costs Report

SECTION 30. AND BE IT FURTHER ENACTED, That the Department of Budget and Management (DBM) shall provide an annual report on indirect costs to the General Assembly in

January 2010 as an appendix in the Governor’s fiscal 2011 budget books. The report shall detail by agency for the actual fiscal 2009 budget the amount of statewide indirect cost recovery received, the amount of statewide indirect cost recovery transferred to the General Fund, and the amount of indirect cost recovery retained for use by each agency. In addition, it shall list the most recently available federally approved statewide and internal agency cost recovery rates. As part of the normal fiscal/compliance audit performed for each agency once every 3 years, the Office of Legislative Audits shall assess available information on the timeliness, completeness, and deposit history of indirect cost recoveries by State agencies. Further provided that for fiscal 2010, excluding the Maryland Department of Transportation, the amount of revenue received by each agency from any federal source for statewide cost recovery may only be transferred to the General Fund and may not be retained in any clearing account or by any other means, nor may DBM or any other agency or entity approve exemptions to permit any agency to retain any portion of federal statewide cost recoveries.

Explanation: This is annual language that requires a report on indirect costs and disallows waivers of statewide cost recovery.

| Information Request | Author | Due Date |
|---------------------------------|---------------|--|
| Annual report on indirect costs | DBM | With submission of the Governor’s fiscal 2011 budget books |

Add the following section:

Section 31 Executive Long-term Forecast

SECTION 31. AND BE IT FURTHER ENACTED, That the Governor’s budget books shall include a forecast of the impact of the Executive budget proposal on the long-term fiscal condition of General Fund, Transportation Trust Fund, and higher education current unrestricted fund accounts. This forecast shall estimate aggregate revenues, expenditures, and fund balances in each account for the fiscal year last completed, the current year, the budget year, and 4 years thereafter. Expenditures shall be reported at such agency, program or unit levels, or categories as may be determined appropriate after consultation with the Department of Legislative Services. A statement of major assumptions underlying the forecast shall also be provided, including but not limited to general salary increases, inflation, and growth of caseloads in significant program areas.

Explanation: This annual language provides for the delivery of the Executive’s general fund forecast and defines the conditions under which it is to be provided, requiring that recovered funds may only be transferred to the general fund.

| Information Request | Author | Due Date |
|-----------------------------------|---------------|--|
| Executive’s general fund Forecast | DBM | With submission of the Governor’s fiscal 2011 budget books |

Add the following section:

Section 32 Reporting on Budget Data and Organizational Charts

SECTION 32. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that all State departments, agencies, bureaus, commissions, boards, and other organizational units included in the State budget, including the Judiciary, shall prepare and submit items for the fiscal 2011 budget detailed by Comptroller subobject classification in accordance with instructions promulgated by the Comptroller of the Treasury. The presentation of budget data in the State

budget books shall include object, fund, and personnel data in the manner provided for in fiscal 2010 except as indicated elsewhere in this Act; however, this shall not preclude the placement of additional information into the budget books. For actual fiscal 2009 spending, the fiscal 2010 working appropriation, and the fiscal 2011 allowance, the budget detail shall be available from the Department of Budget and Management's (DBM) automated data system at the subobject level by subobject codes and classifications for all agencies. To the extent possible, except for public higher education institutions, subobject expenditures shall be designated by fund for actual fiscal 2009 spending, the fiscal 2010 working appropriation, and the fiscal 2011 allowance. The agencies shall exercise due diligence in reporting this data and ensuring correspondence between reported position and expenditure data for the actual, current, and budget fiscal years. This data shall be made available upon request and in a format subject to the concurrence of the Department of Legislative Services (DLS). Further, the expenditure of appropriations shall be reported and accounted for by the subobject classification in accordance with the instructions promulgated by the Comptroller of the Treasury. Further provided that due diligence shall be taken to accurately report full-time equivalent position counts of contractual positions in the budget books. For the purpose of this count, contractual positions are defined as those individuals having an employee-employer relationship with the State. This count shall include those individuals in higher education institutions who meet this definition but are paid with additional assistance funds. Further provided that DBM shall provide to DLS, with the allowance for each department, unit, agency, office, and institution, a one-page organizational chart in Microsoft Word or Adobe PDF format that depicts the allocation of personnel across operational and administrative activities of the entity.

Explanation: This annual language provides for consistent reporting of fiscal 2009, 2010, and 2011 budget data, and provides for the submission of department, unit, agency, office, and institutions' organizational charts to the Department of Legislative Services with the allowance.

Add the following section:

Section 33 Interagency Agreements

SECTION 33. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that on or before August 1, 2009, each State agency and each public institution of higher education shall report to the Department of Budget and Management (DBM) any agreements in place for any part of fiscal 2009 between State agencies and any public institution of higher education involving potential expenditures in excess of \$100,000 over the term of the agreement. Further provided that DBM shall provide direction and guidance to all State agencies and public institutions of higher education as to the procedures and specific elements of data to be reported with respect to these interagency agreements, to include at a minimum:

- (1) a common code for each interagency agreement that specifically identifies each agreement and the fiscal year in which the agreement began;
 - (2) the starting date for each agreement;
 - (3) the ending date for each agreement;
 - (4) a total potential expenditure, or not-to-exceed dollar amount, for the services to be rendered over the term of the agreement by any public institution of higher education to any State agency;
 - (5) a description of the nature of the goods and services to be provided;
 - (6) the total number of personnel, both full-time and part-time, associated with the agreement;
- and

(7) contact information for the agency and the public institution of higher education for the person(s) having direct oversight or knowledge of the agreement.

Further provided that DBM shall submit a consolidated report to the budget committees and the Department of Legislative Services by December 1, 2009, that contains information on all agreements between State agencies and any public institution of higher education involving potential expenditures in excess of \$100,000, that were in effect at any time during fiscal 2009.

Explanation: The language requires all State agencies and public institutions of higher education to report on all interagency agreements between State agencies and public institutions of higher education having a total potential expenditure over the term of the agreement in excess of \$100,000. This applies only to agreements for the purchase of goods and/or services and does not apply to grants or space agreements between State agencies and public institutions of higher education. Further, it requires that the Department of Budget and Management (DBM) submit a consolidated report on all agreements by December 1, 2009, to the budget committees and the Department of Legislative Services.

| Information Request | Author | Due Date |
|---|---------------|------------------|
| Consolidated report on all interagency agreements | DBM | December 1, 2009 |

Add the following section:

Section 34 Budget Amendments

SECTION 34. AND BE IT FURTHER ENACTED, That any budget amendment to increase the total amount of special, federal, or higher education (current restricted and current unrestricted) fund appropriations, or to make reimbursable fund transfers from the Governor's Office of Crime Control and Prevention or the Maryland Emergency Management Agency, made in Section 1 of this Act shall be subject to the following restrictions:

(1) This section shall not apply to budget amendments for the sole purpose of:

- (a) appropriating funds available as a result of the award of federal disaster assistance;
- (b) transferring funds from the State Reserve Fund – Economic Development Opportunities Fund for projects approved by the Legislative Policy Committee; and
- (c) appropriating funds for Major Information Technology Development Project Fund projects approved by the budget committees.

(2) Budget amendments increasing total appropriations in any fund account by \$100,000 or more may not be approved by the Governor until (i) that amendment has been submitted to the Department of Legislative Services (DLS) and (ii) the budget committees or the Legislative Policy Committee have considered the amendment or 45 days have elapsed from the date of submission of the amendment. Each amendment submitted to DLS shall include a statement of the amount, sources of funds and purposes of the amendment, and a summary of impact on budgeted or contractual position and payroll requirements.

(3) Unless permitted by the budget bill or the accompanying supporting documentation or by other authorizing legislation, and notwithstanding the provisions of Section 3-216 of the Transportation Article, a budget amendment may not:

- (a) restore funds for items or purposes specifically denied by the General Assembly;
- (b) fund a capital project not authorized by the General Assembly provided, however, that subject to provisions of the Transportation Article, projects of the Maryland Department of Transportation shall be restricted as provided in Section 1 of this Act;

- (c) increase the scope of a capital project by an amount 7.5% or more over the approved estimate or 5.0% or more over the net square footage of the approved project until the amendment has been submitted to DLS and the budget committees have considered and offered comment to the Governor or 45 days have elapsed from the date of submission of the amendment. This provision does not apply to the Maryland Department of Transportation; and
- (d) provide for the additional appropriation of special, federal, or higher education funds of more than \$100,000 for the reclassification of a position or positions.
- (4) A budget may not be amended to increase a Federal Fund Appropriation by \$100,000 or more unless documentation evidencing the increase in funds is provided with the amendment and fund availability is certified by the Secretary of Budget and Management.
- (5) No expenditure or contractual obligation of funds authorized by a proposed budget amendment may be made prior to approval of that amendment by the Governor.
- (6) Notwithstanding the provisions of this section, any federal, special, or higher education fund appropriation may be increased by budget amendment upon a declaration by the Board of Public Works that the amendment is essential to maintaining public safety, health, or welfare, including protecting the environment or the economic welfare of the State.
- (7) Further provided that the fiscal 2010 appropriation detail as shown in the Governor's budget books submitted to the General Assembly in January 2010 and the supporting electronic detail shall not include appropriations for budget amendments that have not been signed by the Governor, exclusive of the Maryland Department of Transportation pay-as-you-go capital program.
- (8) Further provided that it is the policy of the State to recognize and appropriate additional special, higher education, and federal revenues in the budget bill as approved by the General Assembly. Further provided that for the fiscal 2011 allowance the Department of Budget and Management shall continue policies and procedures to minimize reliance on budget amendments for appropriations that could be included in a deficiency appropriation.
- Explanation:** This revised annual language defines the process under which budget amendments may be used.

Add the following section:

Section 37 Position Reporting Requirement

SECTION 37. AND BE IT FURTHER ENACTED, That immediately following the close of fiscal 2009, the Secretary of the Department of Budget and Management shall determine the total number of full-time equivalent (FTE) positions that are authorized as of the last day of fiscal 2009 and on the first day of fiscal 2010. Authorized positions shall include all positions authorized by the General Assembly in the personnel detail of the budgets for fiscal 2009 and 2010 including nonbudgetary programs, the Maryland Transportation Authority, the University System of Maryland self supported activities, and the Maryland Correctional Enterprises. The Department of Budget and Management shall also prepare during fiscal 2010 a report for the budget committees upon creation of regular FTE positions through Board of Public Works action and upon transfer or abolition of positions. This report shall also be provided as an appendix in the fiscal 2011 Governor's budget books. It shall note, at the program level:

- (1) where regular FTE positions have been abolished;
- (2) where regular FTE positions have been created;
- (3) from where and to where regular FTE positions have been transferred; and
- (4) where any other adjustments have been made.

Provision of contractual FTE position information in the same fashion as reported in the appendices of the fiscal 2010 Governor’s budget books shall also be provided.

Explanation: This is annual language providing reporting requirements for regular and contractual State positions.

| Information Request | Author | Due Date |
|---|---------------|-----------------|
| Total number of FTEs on June 30 and July 1, 2009 | DBM | July 14, 2009 |
| Report on the creation, transfer, or abolition of regular positions | DBM | As needed |

Add the following section:

Section 38 Executive Pay Plan Salaries

SECTION 38. AND BE IT FURTHER ENACTED, That the Department of Budget and Management and the Maryland Department of Transportation are required to submit to the Department of Legislative Services’ (DLS) Office of Policy Analysis:

- (1) a report in Excel format listing the grade, salary, title, and incumbent of each position in the Executive Pay Plan (EPP) as of July 1, 2009, October 1, 2009, January 1, 2010, and April 1, 2010; and
- (2) detail on any lump-sum increases given to employees paid on the EPP subsequent to the previous quarterly report.

Flat rate employees on the EPP shall be included in these reports. Each position in the report shall be assigned a unique identifier, which describes the program to which the position is assigned for budget purposes and corresponds to the manner of identification of positions within the budget data provided annually to DLS’ Office of Policy Analysis.

Explanation: Legislation adopted during the 2000 session altered the structure of the EPP to give the Governor flexibility to compensate executives at appropriate levels within broad salary bands established for their positions, without reference to a rigid schedule of steps, and through other compensation methods such as a flat rate salary. These reports fulfill a requirement for documentation of any specific recruitment, retention, or other issues that warrant a pay increase.

| Information Request | Authors | Due Date |
|--|----------------|------------------|
| Report of all Executive Pay Plan positions | DBM, MDOT | July 15, 2009 |
| | | October 15, 2009 |
| | | January 15, 2010 |
| | | April 15, 2010 |

Add the following section:

Section 39 Positions Abolished in the Budget

SECTION 39. AND BE IT FURTHER ENACTED, That no position identification number assigned to a position abolished in this budget may be reassigned to a job or function different from that to which it was assigned when the budget was submitted to the General Assembly. Incumbents in positions abolished may continue State employment in another position.

Explanation: This language prevents employees from being moved into positions abolished in the budget. It also allows that incumbents in abolished positions may continue State employment in another position.

Add the following section:

Section 44 Reduction in Cell Phone Expenditures

SECTION 44. AND BE IT FURTHER ENACTED, That funding for cell phone expenditures (statewide subobject 0306) shall be reduced. The Governor shall develop a schedule for allocating this reduction across the various State agencies and across all funds based upon State agency use.

Explanation: The section reduces funding for cell phone and other expenditures budgeted in statewide subobject 0306 by 20%. There are currently 12,500 cell phone users covered under the State contract.

Add the following section:

Section 46 Chesapeake Bay Restoration Expenditures

SECTION 46. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the Governor’s fiscal 2011 budget books include separately a summary of Chesapeake Bay restoration expenditures by agency and fund. The Department of Budget and Management (DBM) shall include the fiscal 2009 actual, fiscal 2010 working appropriation, and fiscal 2011 allowance for programs that have over 50% of their activities directly related to Chesapeake Bay restoration. Further provided that DBM should provide to the Department of Legislative Services (DLS) the same data disaggregated by program in an electronic format subject to the concurrence of DLS.

Explanation: The fiscal 2009 Governor’s budget books contain Appendix Q: Summary of Chesapeake Bay Restoration Expenditures by Agency. Appendix Q provides an overview of Chesapeake Bay restoration funding across State agencies, which is helpful for understanding the scope and scale of the State’s commitment of resources to bay restoration. However, this data is not contained in the fiscal 2010 Governor’s budget books. Therefore, a revised version of the data presented in Appendix Q should be included in the fiscal 2011 Governor’s budget books. The data should show the fiscal 2009 actual, fiscal 2010 working appropriation, and fiscal 2011 allowance for programs that have over 50% of their activities directly related to Chesapeake Bay restoration. The data should be presented separately by agency and fund. The agency presentation is to be modeled on Appendix Q in the fiscal 2009 Governor’s budget books. In addition, DBM should provide to DLS the same data disaggregated by program in an electronic format subject to the concurrence of DLS.

| Information Request | Author | Due Date |
|--|---------------|---|
| Summary of Chesapeake Bay restoration expenditures | DBM | Fiscal 2011 State budget submission and annually thereafter |

Add the following section:

Section 49 Homeland Security Spending

SECTION 49. AND BE IT FURTHER ENACTED, That beginning on December 31, 2009, and annually thereafter, the Governor’s Office of Homeland Security (GOHS), with the assistance of the Maryland Emergency Management Agency, the Department of Health and Mental Hygiene, the Department of State Police, and the Maryland Department of Transportation shall submit a report to the budget committees that details spending related to homeland security (by agency and by funding source) for the most recent federal fiscal year. At a minimum, the report shall include the amount of the funding pass-through to local jurisdictions (by county). The report

shall also include a listing of the homeland security projects for which funding was expended and a description as to how these projects correspond to the 12 core goals for emergency preparedness (Interoperable Communications, Intelligence/Information Sharing and Collaboration Capabilities, Hazmat/Explosive Device Response, Personal Protective Equipment for First Responders, Biosurveillance, Vulnerability Assessment, Exercise Evaluation and Training, Closed Circuit Television Network, Mass Casualty/Hospital Surge, Planning, Backup Power and Communications, and Transportation Security). The report shall also summarize the progress made toward achieving the 12 core goals. Prior to developing the report, GOHS shall consult with the Department of Legislative Services in determining appropriate data and information to include in the report.

Explanation: This language requires GOHS, in conjunction with the Maryland Emergency Management Agency (MEMA), the Department of Health and Mental Hygiene (DHMH), the Department of State Police (DSP), and the Maryland Department of Transportation (MDOT) to submit a report detailing annual expenditures for homeland security. The report should also include a summary of the State’s progress toward achieving the 12 core goals of emergency preparedness, including a listing of the homeland security projects for which funding was expended. GOHS should consult with the Department of Legislative Service prior to preparing the report.

| Information Request | Authors | Due Date |
|--------------------------------------|-------------------------------------|--|
| Report on homeland security spending | GOHS MEMA DHMH DSP MDOT | December 31, 2009, and annually thereafter |

Add the following section:

Section 51 The “Rule of 200”

SECTION 51. AND BE IT FURTHER ENACTED, That the Board of Public Works, in exercising its authority to create additional positions pursuant to Section 7-236 of the State Finance and Procurement Article, may authorize during the fiscal year no more than 200 positions in excess of the total number of authorized State positions on July 1, 2009, as determined by the Secretary of the Department of Budget and Management. Provided, however, that if the imposition of this ceiling causes undue hardship in any department, agency, board, or commission, additional positions may be created for that affected unit to the extent that positions authorized by the General Assembly for the fiscal year are abolished in that unit or in other units of State government. It is further provided that the limit of 200 does not apply to any position that may be created in conformance with specific manpower statutes that may be enacted by the State or federal government nor to any positions created to implement block grant actions or to implement a program reflecting fundamental changes in federal/State relationships.

Notwithstanding anything contained in this section, the Board of Public Works may authorize additional positions to meet public emergencies resulting from an act of God and violent acts of men, which are necessary to protect the health and safety of the people of Maryland. The Board of Public Works may authorize the creation of additional positions within the Executive Branch provided that 1.25 full-time equivalent contractual positions are abolished for each regular position authorized and that there be no increase in agency funds in the current budget and the next two subsequent budgets as the result of this action. It is the intent of the General Assembly

that priority is given to converting individuals that have been in a contractual position for at least two years. Any position created by this method shall not be counted within the limitation of 200 under this section. In addition to any positions created within the limitation of 200 under this section, the Board of Public Works may authorize the creation of no more than 150 positions within the Department of Human Resources to provide services purchased by Local Management Boards through contracts with local departments of social services. If a Local Management Board terminates a contract with a local department of social services during the fiscal year, all the positions created by the Board of Public Works to provide services under the terms of that contract shall be abolished. In addition to any positions created within the limitation of 200 under this section, the Board of Public Works may authorize the creation of positions within the Department of Human Resources to provide services funded by grants from sources other than Local Management Boards. If any grant entity terminates a grant award with a local department of social services or other unit during the fiscal year, all positions created by the Board of Public Works to provide services under the terms of the grant award shall be abolished. The employee contracts for these positions shall explicitly state that the positions are abolished at the termination of the grant award. General funds or any other State funds shall not be used to pay any of the salaries or benefits for these positions. Furthermore, the Department of Human Resources must provide a summary to the budget committees by December 1 of each year on the number of positions created under this section. The numerical limitation on the creation of positions by the Board of Public Works established in this section shall not apply to positions entirely supported by funds from federal or other non-State sources so long as both the appointing authority for the position and the Secretary of the Department of Budget and Management certify for each position created under this exception that:

- (1) funds are available from non-State sources for each position established under this exception; and
- (2) any positions created will be abolished in the event that non-State funds are no longer available.

The Secretary of the Department of Budget and Management shall certify and report to the General Assembly by June 30, 2010, the status of positions created with non-State funding sources during fiscal 2006, 2007, 2008, 2009, and 2010 under this provision as remaining authorized or abolished due to the discontinuation of funds.

Explanation: This language, the “Rule of 200”, limits the number of positions that may be added after the beginning of the fiscal year to 200 and provides for exceptions to the limit.

| Information Request | Authors | Due Date |
|--|----------------|------------------|
| Certification of the status of positions created with non-State funding sources during fiscal 2006, 2007, 2008, 2009, and 2010 | DBM | June 30, 2010 |
| Positions created within the Department of Human Resources with non-Local Management Board grants | DHR | December 1, 2009 |

Add the following section:

Section 53 Public-private Partnerships Workgroup

SECTION 53. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that a joint legislative and executive workgroup be established during the 2009 interim to study issues related to legislative oversight of proposed public-private partnerships and to recommend legislation for consideration at the 2010 session. Staffing shall be provided by the Department of Legislative Services.

Explanation: This language expresses the intent to establish a joint legislative and executive workgroup in the 2009 interim to study issues related to public-private partnerships, and to recommend legislation at the 2010 session.