

D88V00
Forvm for Rural Maryland

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Funds	\$116	\$113	\$113	\$0	0.3%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted General Funds	\$116	\$113	\$112	-1	-0.8%
Federal Funds	111	115	117	1	1.2%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Federal Funds	\$111	\$115	\$116	\$1	.8%
Reimbursable Funds	0	17	0	-17	-1.0%
Adjusted Grand Total	\$226	\$245	\$228	-\$17	-6.8%

- The fiscal 2004 allowance contains a \$17,000 decrease in reimbursable funds related to the termination of the Solar for Farm project.
- There is a \$22,000 reduction in contractual services in the fiscal 2004 allowance due to a contractual conversion.

Personnel Data

	<u>FY 02</u> <u>Actual</u>	<u>FY 03</u> <u>Working</u>	<u>FY 04</u> <u>Allowance</u>	<u>Change</u>
Regular Positions	2.00	3.00	3.00	0.00
Contractual FTEs	<u>1.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	3.00	3.00	3.00	0.00

Vacancy Data: Regular Positions

Budgeted Turnover: FY 04	0.00	0.00%
Positions Vacant as of 12/31/02	0.00	0.00%

Note: Numbers may not sum to total due to rounding.

For further information contact: Brian Baugus

Phone: (410) 946-5530

Analysis in Brief

Major Trends

Managing for Results Data Needs Improvement: The Forvm's Managing for Results (MFR) data is not a useful management tool nor does it provide the kind of data needed to assess the agency's effectiveness.

Recommended Actions

	<u>Funds</u>	<u>Positions</u>
1. Delete agency due to its goals being redundant with various other State agencies.	\$112,228	3.0
Total Reductions	\$112,228	3.0

D88V00
Forvm for Rural Maryland

Operating Budget Analysis

Program Description

The Forvm for Rural Maryland is an independent unit of the State executive branch, which works to improve the lives of rural Maryland residents. The Forvm consists of a 38-member executive board and an executive director. The Forvm endeavors to represent the interests of rural Maryland and promote relationships that will improve the quality of life in rural Maryland while preserving its heritage and natural resources. The Forvm co-administers, with the Department of Business and Economic Development (DBED), the Maryland Agricultural Education and Rural Development Assistance Fund Program.

The Forvm may, within the guidelines agreed to by the Governor and the federal Department of Agriculture, undertake any activity that addresses issues and concerns for rural Marylanders. To this end the Forvm has established six goals:

1. Create an opportunity for increasing the value and quantity of agricultural products processed on Maryland farms and in local communities.
2. Assist existing or new very small businesses and entrepreneurs in starting and expanding their businesses by promoting the establishment of public/private micro-business lending and technical assistance operations.
3. Provide rural communities with an opportunity to make their infrastructure development needs known to officials at the local, State, and federal levels.
4. Represent rural communities on various regional and statewide advisory panels.
5. Establish subject area working committees to promote the effectiveness of government service delivery and reduce the regulatory burden for rural Marylanders.
6. Communicate with government officials and rural community leaders concerning the success that government agencies and private organizations are having toward improving the quality of life in rural Maryland.

Performance Analysis: Managing for Results

The Forvm has not developed useful Managing for Results (MFR) data to assess its effectiveness in performing its mission. The three measures it provides are (1) how many participants attend the meetings it hosts; (2) the number of subcommittees it has; and (3) the number of visitors to its web site. While the mission of the Forvm is somewhat nebulous and difficult to measure, there are ways to evaluate performance that would provide useful information to both management and the oversight committees.

D88V00 - Forvm for Rural Maryland

In the 2002 session, the budget committees expressed a need for the Forvm to develop MFR measures that accurately and informatively reported on the work it does. However the Forvm does not seem to have been able to make any progress on this and have used the same measures as in fiscal 2002.

A key management, oversight, and appropriation tool is being able to assess the organization’s effectiveness. These measures are driven by an organization’s mission and goals, however, **Exhibit 1** shows the Forvm’s goals are redundant with several other agencies:

Exhibit 1

The Forvm’s Managing for Results Goals Compared to Other Agencies

Forvm’s Goal	Alternative Agency (ies) Goals
Create an opportunity for increasing the value and quantity of agricultural products processed on Maryland farms and in local communities.	<p>A goal of the Maryland Department of Agriculture’s Office of Marketing, Animal Industries, and Consumer Services is to increase the production and sale of agricultural products.</p> <p>Objective 1.1: Expand opportunities for Maryland farmers to market their agricultural products by an average of 5% per year.</p>
Assist existing or new very small businesses and entrepreneurs in starting and expanding their businesses by promoting the establishment of public/private micro business lending and technical assistance operations.	<p>A goal of the Maryland Department of Agriculture’s Office of Marketing, Animal Industries, and Consumer Services is to link at least 50 entrepreneurs per year with resources to start or expand agricultural-related businesses.</p> <p>A goal of the Maryland Department of Business and Economic Development (DBED) – Maryland Small Business Financing Authority – Division of Financial Assistance Programs is to promote the viability of small businesses.</p> <p>A goal of DBED’s Consolidated Operations Fund – Division of Financial Assistance Programs is to promote the viability of small to middle market businesses with private capital access limitations.</p>
Provide rural communities with an opportunity to make their infrastructure development needs known to officials at the local, State, and federal levels.	<p>The mission statement from the Maryland Association of Counties (MACo) is:</p> <p>The Maryland Association of Counties is a nonprofit organization representing Maryland’s 23 counties and Baltimore City. MACo advocates county issues at the State government level, promoting communication between levels of government and the public, while providing special services to county-elected officials.</p>
Represent rural communities at various	The Department of Planning’s State Clearinghouse program’s

D88V00 - Forvm for Rural Maryland

Forvm’s Goal	Alternative Agency (ies) Goals
regional and statewide advisory committees.	mission statement is to serve as an intergovernmental coordinator and a resource for (1) master and sector plans proposed and developed in the State; and (2) direct development and financial assistance activities proposed throughout the State.
Establish area working committees to promote the effectiveness of government service delivery and reduce the regulatory burden for rural Marylanders.	A statement from DBED’s Governor’s Office of Business Advocacy and Small Business Development web site is: [The office is] to facilitate communication between the business community and government, the office provides a regional ombudsman service to Maryland businesses, guides them through the regulatory and permitting processes, and serves as a source of information about government for them. The office works to enhance Maryland’s business environment by reviewing proposed legislation and analyzing its impact on economic growth. By identifying any duplicative, excessive, or cumbersome regulations at all levels of government, the office removes obstacles for business. The office also advises and assists small and minority-owned businesses.
Communicate with government officials and rural community leaders concerning the success that government agencies and private organizations are having towards improving the quality of life in rural Maryland	This is an interesting MFR goal because part of the reason for the MFR report is to do exactly this; chronicle the successes and needs of the agency in fulfilling its mission and meeting its goals. In essence this <i>is</i> one of the goals of the MFR.

Source: Governor’s Budget Books

Not only are the Forvm’s goals redundant, but the alternatives presented are more specific and measurable, and therefore, from a management and oversight perspective, superior.

Governor’s Proposed Budget

Exhibit 2 details the fiscal 2004 allowance. There is a \$17,000 decrease in reimbursable funds in fiscal 2004 related to termination of the Solar for Farm project. The Forvm screened applicants and distributed grants for the Maryland Energy Administration’s Solar for Farm project. The project funded a pilot program to install photovoltaic systems on approved farms.

Exhibit 2

**Governor's Proposed Budget
Forvm for Rural Maryland
(\$ in Thousands)**

	<u>FY 02 Actual</u>	<u>FY 03 Working</u>	<u>FY 04 Allowance</u>	<u>Change</u>	<u>% Change Prior Year</u>
General Funds	\$116	\$113	\$113	\$0	0.3%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted General Funds	\$116	\$113	\$112	-1	-.8%
Federal Funds	111	115	117	1	1.2%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Federal Funds	\$111	\$115	\$116	\$1	.8%
Reimbursable Funds	0	17	0	-17	-1.0%
Adjusted Grand Total	\$226	\$245	\$228	-\$17	-6.8%

Where It Goes:

Personnel Expenses

Employee and retiree health insurance.....	\$12
Employee's retirement system	2
Reduction in regular earnings due to salary difference between former employee and new employee	-11
Delete deferred compensation.....	-2

Other Changes

Increase in travel to State conferences such as the Annual Rural Summit.....	2
Increase in postage expenses to reflect actual fiscal 2002 spending	2
Advertising costs for recruiting new personnel	2
Telecommunications: long distance, local service, and teleconferencing.....	1
Reduction in reimbursable funds due to the termination of the Solar for Farm project	-17
Reduction in letterhead and other supplies	-8

Total **-\$17**

Note: Numbers may not sum to total due to rounding.

Recommended Actions

	<u>Amount Reduction</u>		<u>Position Reduction</u>
1. Delete the agency due to its goals being redundant with various other State agencies. Designate the Department of Business and Economic Development as Maryland's Rural Development Council in order to retain the federal funds associated with this agency (\$116,900 in fiscal 2004), and transfer the Forvm's staff to other agencies as needed.	\$112,228	GF	3.0
Total General Fund Reductions	\$112,228		3.0

Current and Prior Year Budgets

**Current and Prior Year Budgets
Forvm for Rural Maryland
(\$ in Thousands)**

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2002					
Legislative Appropriation	\$117	\$0	\$111	\$0	\$228
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	0	0	0	0
Reversions and Cancellations	-1	0	0	0	-1
Actual Expenditures	\$116	\$0	\$111	\$0	\$226
Fiscal 2003					
Legislative Appropriation	\$113	\$0	\$115	\$17	\$245
Budget Amendments	0	0	0	0	0
Working Appropriation	\$113	\$0	\$115	\$17	\$245

Note: Numbers may not sum to total due to rounding.

D88V00 - Form for Rural Maryland

Appendix 2

Object/Fund Difference Report
Form for Rural Maryland

Object/Fund	FY03		FY04 Allowance	FY03 - FY04 Amount Change	Percent Change
	FY02 Actual	Working Appropriation			
Positions					
01 Regular	2.00	3.00	3.00	0	0%
02 Contractual	1.00	0	0	0	0.0%
Total Positions	3.00	3.00	3.00	0	0%
Objects					
01 Salaries and Wages	\$ 140,374	\$ 187,768	\$ 190,443	\$ 2,675	1.4%
02 Technical & Spec Fees	35,453	0	0	0	0.0%
03 Communication	10,996	6,491	9,915	3,424	52.7%
04 Travel	13,666	10,374	12,041	1,667	16.1%
07 Motor Vehicles	2,625	1,907	1,676	(231)	(12.1%)
08 Contractual Services	13,423	27,083	9,000	(18,083)	(66.8%)
09 Supplies & Materials	6,969	9,655	4,528	(5,127)	(53.1%)
12 Grants,Subsidies,Contr	450	0	0	0	0.0%
13 Fixed Charges	2,473	1,910	2,525	615	32.2%
Total Objects	\$ 226,429	\$ 245,188	\$ 230,128	(\$ 15,060)	(6.1%)
Funds					
01 General Fund	\$ 115,552	\$ 112,920	\$ 113,228	\$ 308	0.3%
05 Federal Fund	110,877	115,468	116,900	1,432	1.2%
09 Reimbursable Fund	0	16,800	0	(16,800)	(100.0%)
Total Funds	\$ 226,429	\$ 245,188	\$ 230,128	(\$ 15,060)	(6.1%)

Notes:

1. Full-time and contractual positions and salaries are reflected for operating budget programs only.
2. Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.

