

**H00**  
**Department of General Services**

***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	\$52,036	\$54,579	\$52,334	-\$2,244	-4.1%
FY 2003 Cost Containment	0	-2,450	0	2,450	
Contingent & Back of Bill Reductions	0	-35	-185	-150	
<b>Adjusted General Funds</b>	<b>\$52,036</b>	<b>\$52,093</b>	<b>\$52,149</b>	<b>\$56</b>	<b>0.1%</b>
Special Funds	1,689	2,233	1,183	-1,050	-47%
Contingent & Back of Bill Reductions	0	0	-2	-2	
<b>Adjusted Special Funds</b>	<b>\$1,689</b>	<b>\$2,233</b>	<b>\$1,181</b>	<b>-\$1,052</b>	<b>-47%</b>
Federal Funds	618	641	758	117	18%
Contingent & Back of Bill Reductions	0	0	-2	-2	
<b>Adjusted Federal Funds</b>	<b>\$618</b>	<b>\$641</b>	<b>\$756</b>	<b>\$115</b>	<b>18%</b>
Reimbursable Funds	21,546	23,713	24,500	787	3.3%
Contingent & Back of Bill Reductions	0	-6	-23	-17	
<b>Adjusted Reimbursable Funds</b>	<b>\$21,546</b>	<b>\$23,707</b>	<b>\$24,477</b>	<b>\$770</b>	<b>3.3%</b>
<b>Adjusted Grand Total</b>	<b>\$75,889</b>	<b>\$78,674</b>	<b>\$78,563</b>	<b>-\$111</b>	<b>-0.1%</b>

- The comparison between the fiscal 2003 working appropriation and fiscal 2004 allowance accounts for fiscal 2003 cost containment (decrease of nearly \$2.5 million) and contingent and back of bill reductions.
- General funds increase by \$56,312 from the fiscal 2003 adjusted working appropriation. The \$56,312 increase is explained by personnel reductions (over \$1 million), fiscal 2003 reductions carried forward into fiscal 2004, a reduction to the statewide maintenance fund, and interagency transfers.
- Special funds decrease by \$1,051,943. This reduction is explained by a transfer of security budget funds, the removal of an Information Technology project grant, and revenue reductions.

- Federal funds and reimbursable funds increase by \$884,478. The federal fund increase is for rent due

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

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for space occupied by the Department of Health and Mental Hygiene. The reimbursable increase is due to interagency transfers, rent changes, and changes in the projection of revenue.

***Personnel Data***

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	<b><u>FY 02</u></b> <b><u>Actual</u></b>	<b><u>FY 03</u></b> <b><u>Working</u></b>	<b><u>FY 04</u></b> <b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	793.00	806.50	774.50	-32.00
Contractual FTEs	<u>34.65</u>	<u>35.00</u>	<u>33.40</u>	<u>-1.60</u>
<b>Total Personnel</b>	<b>827.65</b>	<b>841.50</b>	<b>807.90</b>	<b>-33.60</b>

***Vacancy Data: Regular Positions***

Budgeted Turnover: FY 04	31.52	4.07%
Positions Vacant as of 12/31/02	97.50	12.09%

- Total personnel costs decrease a little over \$1 million from the fiscal 2003 working appropriation to the fiscal 2004 allowance. This decrease reflects a \$1.4 million reduction for abolished positions, a \$1.9 million increase in turnover, a \$0.8 million increase in health insurance, a \$0.4 million decrease for retirement, and a \$1.9 million decrease in salary funding and other adjustments.
- The abolition of 32 vacant regular positions accounts for a decrease of \$1.4 million. Over 40% of the decrease (\$564,000) is associated with the elimination of 10 vacant police officer positions.
- For fiscal 2003, 42 positions at the Department of General Services (DGS) were abolished to reduce total regular positions from 837.5 to 795.5. In September 2002, 7 additional building guard positions were created by the Board of Public Works and 4 positions were transferred from another agency to bring the fiscal 2003 total to 806.5 regular positions.
- As of December 31, 2002, the vacancy rate at DGS was 12.09%. This percentage does not reflect the 32 abolished positions in the fiscal 2004 allowance. When accounting for these position reductions, the percentage would drop to roughly 8.5%. The percentage drops even further when accounting for the fact that many of the long-term vacant positions (vacant for over one year) are a direct result of hiring freeze measures. DGS has a budgeted turnover rate of 4.07% for fiscal 2004 compared to 5.27% for fiscal 2003.

## ***Analysis in Brief***

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### **Major Trends**

***DGS Is Understaffed and Underfunded:*** The *Schaefer Center Peer Review Report* suggests that DGS is understaffed and underfunded for the services it is expected to provide. DGS continues to experience personnel reductions, including a reduction of 32 positions for fiscal 2004, while providing many of the same services as when it had a larger staff.

***MFR Estimates Appear Inflated:*** A review of the DGS Managing for Results (MFR) performance estimates shows instances where estimates appear inflated when compared directly to past experience. A performance estimate should be based on realistic expectations for yearly performance. **The department should comment on the development of performance estimates and the importance of basing those estimates on actual experience.**

### **Issues**

***Peer Review Report Provides Opportunity to Improve Structure and Operating Practices:*** In response to a 2002 *Joint Chairmen's Report* (JCR) request to assess DGS structure and practices, the Schaefer Center for Public Policy at the University of Baltimore submitted a *Peer Review Report* to DGS in December 2002. The report provides DGS with an opportunity to improve its overall structure and operating practices by responding to the Schaefer Center recommendations. **The Department of Legislative Services (DLS) recommends that DGS report back on measures it has taken to respond to the Schaefer Center recommendations. DGS should focus all responses to the *Peer Review Report* around improving its overall structure and operating practices.**

***Privatization for DGS Facilities Maintenance and Security Services:*** Certain State services at DGS are candidates for privatization, or at least managed competition through which public employees compete against private sector companies for contracts. **DLS recommends that an assessment of the feasibility of expanded privatization within functions of DGS including facilities maintenance and security services take place to ensure the most cost effective alternatives.**

### **Recommended Actions**

1. Adopt narrative requesting the Department of General Services to provide an update on its progress toward responding to the *Schaefer Center Peer Review Report*.
2. Add language requesting the Department of General Services to provide an assessment of expanded privatization opportunities within the agency.

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### **Updates**

***Continued Focus on Security:*** DGS has continued to enhance security by increasing police and security personnel, securing all building entrances, initiating procedures to deal with contamination of fresh air intake, and creating an emergency information web page. Security now accounts for roughly 17% of DGS's total fund allowance.

***DGS Responds to JCR Request on BISM:*** DGS Secretary Richkus wrote an October 29, 2002, letter in response to narrative in the 2002 JCR on procurement opportunities for the Blind Industries and Services of Maryland (BISM). DGS does not believe that BISM has failed to reach its desired level of success due to lack of procurement opportunities.

***eMaryland Marketplace Continues to Grow:*** The technology-based procurement system has been recognized nationally and continues to grow and increase the State's participation with small and minority businesses.

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***Operating Budget Analysis***

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**Program Description**

The Department of General Services (DGS) serves Maryland and its citizens by supporting other State agencies in achieving their missions. The department performs a variety of functions, including planning, design, and construction management; facilities maintenance; procurement of goods and services; receipt and distribution of excess property; and provision of real estate services. Through these activities, DGS addresses the need for:

- facilities that are safe, secure, and that function as needed;
- buildings, materials, and services that help other State agencies achieve their objectives; and
- departmental actions that support social and economic goals important to the State.

**Performance Analysis: Managing for Results**

Given the nature of the department's stated mission, which is to assist other agencies in meeting their operational needs (provision of facilities), a number of the department's chosen performance measures are derived directly from a survey rating of service delivery. These subjective performance measures are also appropriately supplemented with measures that include objective observations and reporting of processes.

A review of the submitted performance data shows that performance is moving (or is estimated to move) in a positive direction. However, as in past years, there may be problems with the development of performance estimates for some measures. A review of performance measures shows instances where estimates appear inflated when compared directly to past experience. A performance measure's estimate should be based on realistic expectations for yearly performance.

One of DGS's objectives is to annually obtain Board of Public Works (BPW) approval within two months of receipt of a properly completed agency request for renewal of an existing lease. As shown in **Exhibit 1**, in 2001 the actual renewal approval rate within two months was 40%, and in 2002 it was 48%. DGS estimates that for 2003, the renewal approval will be 70%, and 74% by 2004. This estimate does not seem consistent with realistic expectations

Another DGS objective is to meet or exceed 25% Minority Business Enterprise (MBE) participation in the department's total procurement dollars. Although the law increased the statewide MBE goal from 14% to 25% effective July 1, 2001, the 25% goal for 2003 and 2004 does not seem realistic as a short-term goal given that actual participation was only 14.7% in 2001 and 12.3% in 2002. Furthermore, a November 2002 performance audit report on MBE by the Office of Legislative Audits indicated that DGS

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Exhibit 1

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**Program Measurement Data  
Department of General Services  
Fiscal 2001 through 2004**

	<u>Actual 2001</u>	<u>Actual 2002</u>	<u>Est. 2003</u>	<u>Est. 2004</u>	<u>Ann. Chg. 01-02</u>	<u>Ann. Chg. 01-04</u>
Number of lease renewals approved by BPW within two months of agency request	40%	48%	70%	74%	20.0%	22.8%
Annually meet or exceed 25% MBE participation in the department's total procurement dollars	14.7%	12.3%	25%	25%	-16.3%	19.3%
Percent of customer inquiries handled within prescribed timeframe	95.8%	98.2%	92.8%	90.8%	2.5%	-1.8%
Reduce the number of complaints related to restroom facilities to 3.5 per one hundred building occupants by fiscal 2005	4.1	4.8	5.4	5.8	17.1%	12.3%
At least 80% of new procurement will be on time, on budget, and on target to meet requirements	61.96%	75%	80%	80%	21.1%	8.9%
Achieve 95% customer satisfaction with DGS services by fiscal 2004	84.7%	90.7%	94.5%	95.4%	7.1%	4.1%

Source: Department of General Services

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might be reporting participation slightly higher than the actual rate. Another report, the Department of General Services' *Peer Review Report* by the University of Baltimore Schaefer Center submitted on January 9, 2003, as requested by the 2002 *Joint Chairmen's Report (JCR)*, indicated that DGS was often unable to provide documentation for MBE participation. As a result of these findings, DGS reduced its 2002 actual MBE participation from 16.2% to the current 12.3%. The 25% MBE participation rate is much more realistic if it is viewed as a long-term goal.

There was one instance where the 2001 actual performance measure percentage changed from the fiscal 2003 budget book to the Managing for Results (MFR) report DGS submitted for fiscal 2004. The fiscal 2003 budget book reports that for 2001 actual, DGS achieved a 66.7% response rate for a performance measure on handling customer inquiries within the prescribed timeframe in various divisions. The MFR goal is listed as 100%. In DGS' MFR data submitted for fiscal 2004, the same performance

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measure for 2001 actual, was listed as 95.8% (a difference of 29.1% between the fiscal 2003 budget book and the fiscal 2004 MFR submission).

DGS has attempted to reduce the number of complaints related to restroom facilities to 3.5 per 100 buildings by fiscal 2005. There were 4.8 complaints for 2002, and DGS expects the complaints to rise to 5.8 by 2004. It is possible that DGS expects the complaints to rise due to its limited ability to perform janitorial services given personnel cuts.

DGS has experienced success in several performance areas. One of its MFR goals is to ensure that 80% of new procurements are on-time, on-budget, and on-target to meet requirements. It had a 75% rate in 2002 and expects to reach 80% for 2003. The other measure experiencing success is the goal of achieving a 95% customer satisfaction with DGS services by 2004. DGS had a 90.7% rate in 2002 and expects to reach its 95% target by 2004.

**The department should comment on the development of performance measure estimates and the importance of basing those estimates on actual experience. The department should comment on the MBE participation performance measure and discuss steps it is taking to report accurate participation rates. The department should discuss the performance measure on customer inquiries handled within prescribed timeframes. It should explain why the customer inquiries measure appears to have changed from the fiscal 2003 budget book to the fiscal 2004 MFR submission. Finally, the department should address why it believes complaints related to restroom facilities will increase from 2002 to 2004.**

### **Impact of Cost Containment Fiscal 2003**

The fiscal 2003 appropriation for DGS was adjusted downward by nearly \$2.5 million in general funds as part of the Governor's announced package (January 8, 2003) of cost containment reductions. The actual budget amendment withdrawing appropriations has not been processed. The cost containment plan includes an \$800,000 reduction to reduce the number and/or size of the projects that can be completed for DGS's customer agencies. Other large decreases include a \$600,000 decrease for reductions in postage, printing funds, conference travel funds, supplies, and staff training; a nearly \$300,000 decrease reducing funds for information technology software and delaying a computer management system; and a \$200,000 decrease that accounts for a larger than originally expected surplus for the Maryland State Agency for Surplus Property.

Fiscal 2003 cost containment reflects the reversion of \$41,589 in appropriations to support free transit ridership for State employees, contingent upon enactment of a provision in the Budget Reconciliation and Financing Act (BRFA) of 2003.

### **Governor's Proposed Budget**

The fiscal 2004 allowance for DGS is \$78.6 million, a decrease of \$111,153 (-0.1%) below the fiscal 2003 adjusted working appropriation. The general fund increases by \$56,312 when accounting for fiscal 2003 cost containment and contingent and back of bill reductions. The special fund decreases by a

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little over \$1 million. The reduction in special funds is offset by increases of \$115,000 in federal funds and \$770,000 in reimbursable funds.

Total personnel expenses, including the elimination of 32 vacant positions at DGS, account for a reduction of over \$1 million in general funds. The reductions include 10 vacant police officer positions with responsibility in both Annapolis and Baltimore (\$564,000). Other significant reductions in the general fund include a \$0.6 million reduction in the statewide maintenance fund and a \$1.3 million decrease for fiscal 2003 reductions, which were carried forward into fiscal 2004. Significant increases include \$0.5 million for the security budget (transferred from the special fund), over \$0.5 million for an increase in health insurance premiums, and \$1.1 million for the elimination of fiscal 2003 hiring freeze reductions. The total change in personnel expenses is also affected by the nearly \$1 million interagency transfer for a Prince George's County Courthouse facility. General funds were distributed to tenant agencies including the District Court, Assessments and Taxation, and Public Defender. DGS provided a corresponding increase in reimbursable funds.

The special fund reduction of over \$1 million includes a \$0.5 million reduction for the security budget (transferred to the general fund) and a nearly \$0.4 million decrease for funds that were allocated in fiscal 2003 as a grant from the DBM Technology Investment Fund. The federal fund increase of \$115,000 is due to an increase in rent due from the federal government for space occupied by the Department of Health and Mental Hygiene. Finally, the reimbursable fund increases by \$770,000 due to the nearly \$1 million transfer for the Prince George's County Courthouse facility, additional rent expenses of around \$200,000, and a reduction of over \$400,000 for lower projected revenues in the Visual Communications and Visual Imaging unit.

**Exhibit 2** shows the distribution of funds. The fiscal 2003 working appropriation is adjusted to include fiscal 2003 cost containment and contingent and back of bill reductions.

### **Impact of Cost Containment Fiscal 2004**

The fiscal 2004 allowance reflects the elimination of the \$212,249 appropriation for matching employee deferred compensation contributions up to \$600 contingent upon enactment of a provision in the BRFA of 2003.

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**Exhibit 2**

**Governor's Proposed Budget  
Department of General Services  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>FY 02 Actual</b>	<b>FY 03 Working</b>	<b>FY 04 Allowance</b>	<b>Change</b>	<b>% Change Prior Year</b>
General Funds	\$52,036	\$54,579	\$52,334	-\$2,244	-4.1%
FY 2003 Cost Containment	0	-2,450	0	2,450	
Contingent & Back of Bill Reductions	0	-35	-185	-150	
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<b>Adjusted Special Funds</b>	<b>\$1,689</b>	<b>\$2,233</b>	<b>\$1,181</b>	<b>-\$1,052</b>	<b>-47%</b>
Federal Funds	618	641	758	117	18%
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Reimbursable Funds	21,546	23,713	24,500	787	3.3%
Contingent & Back of Bill Reductions	0	-6	-23	-17	
<b>Adjusted Reimbursable Funds</b>	<b>\$21,546</b>	<b>\$23,707</b>	<b>\$24,477</b>	<b>\$770</b>	<b>3.3%</b>
<b>Adjusted Grand Total</b>	<b>\$75,889</b>	<b>\$78,674</b>	<b>\$78,563</b>	<b>-\$111</b>	<b>-0.1%</b>

**Where It Goes:**

**Personnel Expenses**

Other adjustments including decrease in salary funding .....	-\$1,907
Turnover.....	1,865
32 abolished positions.....	-1,356
Health insurance.....	815
Retirement .....	-427

**Other Changes**

New facility at Silver Spring.....	341
Facilities management contract to replace positions at Westminster and Baltimore facilities	277
Higher projected rent for capital lease facilities .....	222
Reduction in training funds.....	-198

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**Where It Goes:**

Increase in rent due from federal government for DHMH space .....	117
Funding for capital project.....	100
Additional funding for position from deregulation of commodity funds .....	42
Miscellaneous adjustments .....	-2
<b>Total</b>	<b>-\$111</b>

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

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**Personnel**

Total personnel expenses for DGS decrease a little over \$1 million from the fiscal 2003 working appropriation to the fiscal 2004 allowance. The 32 abolished regular positions account for a reduction of nearly \$1.4 million. The fiscal 2004 allowance also includes a 1.6 reduction in contractual full-time equivalents saving \$29,000. Other significant changes accounting for the decrease in personnel expenses include a \$1.9 million increase in cost containment and turnover, a \$0.8 million increase in health insurance, a \$0.4 million decrease in retirement, and a \$1.9 million decrease in salary funding and other adjustments.

For fiscal 2003, 42 positions at DGS were abolished to reduce total regular positions from 837.5 to 795.5. In September 2002, 7 additional building guard positions were created by BPW under Section 20 of the 2002 session budget bill, and 4 positions were added from another agency to bring the fiscal 2003 total to 806.5 regular positions. With the fiscal 2004 allowance, the 806.5 positions will be reduced to 774.5 positions.

As of December 31, 2002, the vacancy rate at DGS was 12.09%. This percentage does not reflect the 32 abolished positions in the fiscal 2004 allowance. When accounting for these position reductions, the percentage would drop to roughly 8.5%. The percentage drops even further when accounting for the fact that many of the vacant positions are a direct result of hiring freeze measures. DGS has a budgeted turnover rate of 4.07% for fiscal 2004 compared to a turnover rate of 5.27% for fiscal 2003.

## *Issues*

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### **1. Peer Review Report Provides Opportunity to Improve Structure and Operating Practices**

In response to a 2002 JCR request to assess DGS structure and practices, the Schaefer Center for Public Policy at the University of Baltimore submitted a *Peer Review Report* to DGS in December 2002. The focus of the assessment was “a review of DGS’ core mission, objectives, process, and practices; the identification of areas of inefficiency; the identification of the least expensive operational strategies to produce stable and predictable service; an assessment of the operational infrastructure to ensure the proper use of sourcing and the optimal use of technology; and an exploration of ways to reduce demand for services and an examination of innovative approaches.” Several common themes and findings throughout the Schaefer Center review were:

- DGS units are understaffed and/or underfunded for the services they are expected to provide.
- The DGS Police are doing an excellent job with their efforts to incorporate security training and awareness among its officers.
- Opportunities exist for improving efficiency through automation and linking various State computer systems including the Financial Management Information System, ADPICS, and eMaryland Marketplace.
- Inefficient communication and inadequate documentation were common themes throughout the review. Specifically, DGS has not maintained sufficient documentation to support amounts reported on the annual MBE *Procurement Report* filed with the Governor’s Office of Minority Affairs.
- Additional funds are required by DGS to clear up the capital maintenance backlog and DGS should maintain and review its system assigning priority levels for deferred capital maintenance on a regular basis.
- DGS lacks measures to create employee incentives supporting professional purchasing development training.

The report provides DGS with an opportunity to improve its overall structure and operating practices by responding to the Schaefer Center recommendations. Key findings provided by the assessment were presented under the DGS MFR agency level goal to which it relates. This method of presentation should allow DGS to consider improvements in the context of its goals. The Schaefer Center report provides many recommendations across all DGS offices. For each of the recommendations, DGS responded with steps it is taking to address the issue.

**The Department of Legislative Services (DLS) recommends adoption of committee narrative, which directs DGS to provide a brief report on its progress toward addressing Schaefer Center**

**recommendations. DGS should focus its responses around improving overall structure and operating practices.**

## **2. Privatization for DGS Facilities Maintenance and Security Services**

Privatization offers the opportunity to improve the quality of services by more closely linking payments for services to desired outcomes. It is possible that DGS has functions, including facilities maintenance and security services, that could realize cost savings through privatization. The success of any privatization effort, including an effort within DGS, depends on the State's oversight capacities. Successful privatization programs often include some sort of specialized unit to institutionalize the knowledge needed to carry out privatization, provide oversight, and measure outcomes.

In DGS' November 2002 submission to the Governor's Security Council, DGS stated that it recommends replacing all contractual security in State buildings with DGS Police personnel. The agency argued that this change would allow for a consistent statewide standard operating procedure for building security. However, there is no quantitative evidence that in-house security costs are more cost effective than contractual security. The same principle applies to DGS facilities maintenance functions; there is no evidence supporting the more efficient delivery of services by public employees or by contractual employees.

**DLS recommends budget language directing DGS to develop an assessment of the feasibility of expanded privatization within functions of DGS including facilities maintenance and security services. The assessment should help determine the most cost effective alternatives and should include specific quantitative data comparing public and private services.**

## ***Recommended Actions***

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1. Adopt the following narrative:

**Progress Report on Schaefer Center Recommendations:** The committees support an effort by the Department of General Services (DGS) to provide an update of their progress toward responding to the *Schaefer Center Peer Review Report* submitted to DGS in December 2002. The report should discuss efforts DGS has taken to address Schaefer Center strategic findings and recommendations as well as future plans to address findings. DGS should focus their responses around improving overall structure and operating practices. The committees recognize that responses to many recommendations are limited by current fiscal and staffing constraints within DGS. The update report should be submitted to the committees by October 1, 2003.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Progress Report on Schaefer Center Recommendations	DGS	October 1, 2003

2. Add the following language:

The Department of General Services (DGS) shall prepare an assessment of expanded privatization opportunities. The assessment should focus on, but not be limited to, a discussion of opportunities for privatization within facilities maintenance and security services. The assessment should help determine the most cost effective alternatives and should include specific quantitative data comparing public and private services. The assessment should be conducted by an independent organization, in conjunction with DGS. The assessment should be submitted to the budget committees by December 1, 2003.

<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
Assessment of Expanded Privatization Opportunities within DGS	An independent organization, in conjunction with DGS	December 1, 2003

## Updates

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### 1. Continued Focus on Security

DGS has continued to focus on the issue of security in the aftermath of September 11. The DGS fiscal 2004 allowance provides for a total of \$13.3 million for security. This is down \$0.8 million from \$14.1 million in fiscal 2003. The \$0.8 million reduction in the DGS allowance is primarily due to the elimination of 10 vacant police officer positions. In-house security provided at the Annapolis and Baltimore facilities are staffed by 236 regular employees. These employees compose 30.5% of the total DGS regular workforce.

### Exhibit 3

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#### DGS Security Funds

	<u>FY 02 Actual</u>	<u>FY 03 Working</u>	<u>FY 04 Allowance</u>
Total Funds for Security	\$10,333,397	\$14,088,910	\$13,290,954
Percentage of DGS Total Funds	13.6%	17.4%	16.9%
Annual Change in Security Funds	n/a	36.4%	-5.7%

Source: Department of General Services

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In a November 2002 report to the Governor's Security Council, DGS discussed its role in securing State public buildings and grounds throughout Maryland. The report focused on five areas: enhanced building security, air handler security, digitized blueprints for State buildings, an emergency web site, and future needs.

- **Enhanced Building Security:** DGS has initiated a comprehensive security plan in the Annapolis complex that includes securing all entrances in the buildings, establishing one main entrance in each building equipped with magnetometers, requiring employees to display photo identification badges at all times, and requiring visitors to wear visitor passes that show they have passed through the security checkpoint. Many of these measures are also implemented at the Baltimore State Office Complex, Inner Harbor Complex, Saratoga State Center, and other DGS controlled facilities. Additionally, in the post September 11 period, DGS has increased police officers by 56, building guards by 22, and police communications operators by 3.
- **Air Handler Security:** DGS has initiated procedures to deal with contamination of fresh air intake in response to the threat of bioterrorism. The procedures include locating vulnerable vents, conducting inspections, development of evacuation plans, and creation of action plans.

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- ***Digitized Blueprints of State Buildings:*** Over the years, there has been concern about the security of 50,000 as-built drawings stored in files at a State office building. The drawings represent the only permanent record of a majority of State buildings. DGS has decided to digitize the 50,000 drawings and store the images on compact disks at an estimated cost of \$150,000. The funds were appropriated in the fiscal 2003 operating budget. To date, DGS has digitized 1,460 drawings at a cost of \$3,005.
- ***Emergency Web Site:*** Largely as a result of September 11, 2001, DGS created an emergency information web page at [www.dgs.state.md.us/emergency/](http://www.dgs.state.md.us/emergency/). The web site includes a State buildings contact database, emergency closing announcement page, frequently asked questions, and useful links.
- ***Future Needs:*** DGS recommends that all contractual security in State buildings be replaced with DGS Police personnel. They believe this change would allow for a consistent statewide operating procedure in building security. DGS justifies the elimination of all contractual security by pointing to the increased contractual security costs driven by higher demand for security among businesses.

## **2. DGS Responds to JCR Report on BISM**

Narrative in the 2002 JCR directed DGS to explain the decline or increase of procurement opportunities and preference accorded to the Blind Industries and Services of Maryland (BISM). The narrative also directed DGS to discuss BISM's diminished role in paper procurement.

Secretary Peta Richkus responded in an October 29, 2002, letter to the committees in which she disagreed with the comment that diminished opportunities for BISM products exist. In the letter, Secretary Richkus explained that DGS is committed to the Preferred Provider Program, which helps create socio-economic benefits for organizations such as BISM in the procurement process. Some of the main points in DGS's response were:

- DGS does not believe that BISM has failed to achieve its desired level of success because of a lack of procurement opportunities. DGS stated that it makes every effort to assist BISM in product development, intervene on BISM's behalf, and notify BISM of service contract information.
- DGS believes that self-sufficiency is BISM's responsibility, and BISM is responsible for the development and marketing of its products.
- DGS does not dispute the decline in BISM's padded paper sales. DGS stated that the demand for the lined note pads offered by BISM decreased in part due to electronic composition and transmission. DGS also stated that BISM's reluctance to fully participate in eMarylandMarketplace has depressed its paper sales.

## **3. eMaryland Marketplace Continues to Grow**

eMaryland Marketplace (eMM), allowing government agency buyers to establish real time communications and business transactions with vendors in a paperless environment, has continued to grow

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since its inception on March 8, 2000. eMM has posted more than \$240 million in procurements on its web site and grown to include more than 82 State and local government agencies, over 500 users, and more than 2,100 bidding vendors. eMM is especially helpful for small and minority businesses by allowing them to access a single forum to conduct business with government buyers. DGS estimates that eMM reduces the average administrative cost per order by \$100.

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Department of General Services (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2002</b>					
Legislative Appropriation	\$50,923	\$1,866	\$0	\$22,053	\$74,842
Deficiency Appropriation	2,089	0	292	0	2,381
Budget Amendments	0	442	638	626	1,706
Reversions and Cancellations	-977	-619	-312	-1,133	-3,041
<b>Actual Expenditures</b>	<b>\$52,036</b>	<b>\$1,689</b>	<b>\$618</b>	<b>\$21,546</b>	<b>\$75,889</b>
<b>Fiscal 2003</b>					
Legislative Appropriation	\$54,579	\$1,383	\$1,141	\$23,713	\$80,816
Budget Amendments	-2,485	850	-500	-6	-2,141
<b>Working Appropriation</b>	<b>\$52,093</b>	<b>\$2,233</b>	<b>\$641</b>	<b>\$23,707</b>	<b>\$78,674</b>

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

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## *H00 - Department of General Services*

### **Fiscal 2002**

Fiscal 2002 expenditures at DGS totaled \$75.9 million, which is approximately \$1.0 million more than the legislative appropriation. About \$2.4 million was provided as a deficiency appropriation. The appropriation covered the costs of heightened security in the Annapolis and Baltimore office complexes. Of this amount, \$292,000 is from the federal government with the remaining \$2.1 million in general funds. Another \$1.7 million was provided through budget amendments. The \$1.7 million in amendments included a \$2.8 million transfer in general funds out of the Office of Logistics and Special Projects and into the new unit of Procurement and Contracting. It also includes an \$890,000 transfer out of the Office of Facilities Planning, Design, and Construction and into the Office of Facilities Operations and Maintenance. The final balance is mainly offset by reductions from cost containment.

### **Fiscal 2003**

In fiscal 2003 the legislative appropriation has been decreased by over \$2.1 million. The reduction includes the nearly \$2.5 million decrease for cost containment and contingent and back of bill reductions (a little over \$40,000). The reduction also includes an \$850,000 proposed increase in special funds. The \$850,000 special fund increase consists of, in part, an appropriation of \$350,000 for the department's Computer Integrated Facilities Management (CIFM) System project. The CIFM will provide for one web-enabled centrally shared database, and the source of funds is derived from the Information Technology Investment Fund. The second part of the \$850,000 increase includes a \$500,000 special fund increase for security at DGS facilities provided through the Budget Reconciliation and Financing Act of 2002. The source of funds is the Dedicated Purpose Fund of the State Reserve Fund. Finally, the fiscal 2003 reduction includes a \$500,000 decrease in federal funds for security (this decrease is offset by the corresponding special fund increase for security).

H00 - Department of General Services

Object/Fund Difference Report  
Department of General Services

Object/Fund	FY03		FY04 Allowance	FY03 - FY04 Amount Change	Percent Change
	FY02 Actual	Working Appropriation			
<b>Positions</b>					
01 Regular	793.00	806.50	774.50	- 32.00	- 4.0%
02 Contractual	34.65	35.00	33.40	- 1.60	- 4.6%
<b>Total Positions</b>	<b>827.65</b>	<b>841.50</b>	<b>807.90</b>	<b>- 33.60</b>	<b>- 4.0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 35,946,489	\$ 41,820,785	\$ 40,688,799	- \$ 1,131,986	- 2.7%
02 Technical & Spec Fees	1,231,953	1,280,434	1,213,211	- 67,223	- 5.3%
03 Communication	955,253	879,590	917,217	37,627	4.3%
04 Travel	78,902	100,178	28,486	- 71,692	- 71.6%
06 Fuel & Utilities	10,383,380	11,014,986	11,143,545	128,559	1.2%
07 Motor Vehicles	906,787	938,598	839,471	- 99,127	- 10.6%
08 Contractual Services	13,789,130	15,270,599	15,024,259	- 246,340	- 1.6%
09 Supplies & Materials	1,669,479	1,824,528	1,525,796	- 298,732	- 16.4%
10 Equip - Replacement	448,261	285,186	201,427	- 83,759	- 29.4%
11 Equip - Additional	566,767	113,773	53,422	- 60,351	- 53.0%
12 Grants, Subsidies, Contr	367,000	417,000	417,000	0	0%
13 Fixed Charges	343,408	1,850,556	430,695	- 1,419,861	- 76.7%
14 Land & Structures	9,202,330	5,369,041	6,291,433	922,392	17.2%
<b>Total Objects</b>	<b>\$ 75,889,139</b>	<b>\$ 81,165,254</b>	<b>\$ 78,774,761</b>	<b>- \$ 2,390,493</b>	<b>- 2.9%</b>
<b>Funds</b>					
01 General Fund	\$ 52,035,982	\$ 54,578,558	\$ 52,334,400	- \$ 2,244,158	- 4.1%
03 Special Fund	1,688,819	2,232,506	1,182,846	- 1,049,660	- 47.0%
05 Federal Fund	618,343	640,881	757,596	116,715	18.2%
09 Reimbursable Fund	21,545,995	23,713,309	24,499,919	786,610	3.3%
<b>Total Funds</b>	<b>\$ 75,889,139</b>	<b>\$ 81,165,254</b>	<b>\$ 78,774,761</b>	<b>- \$ 2,390,493</b>	<b>- 2.9%</b>

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions

**H00 - Department of General Services**

**Fiscal Summary  
Department of General Services**

<u>Unit/Program</u>	<u>FY02 Actual</u>	<u>FY03 Legislative Appropriation</u>	<u>FY03 Working Appropriation</u>	<u>FY02 - FY03 % Change</u>	<u>FY04 Allowance</u>	<u>FY03 - FY04 % Change</u>
0A Department of General Services	\$ 5,345,159	\$ 4,660,200	\$ 5,010,200	- 6.3%	\$ 4,459,683	- 11.0%
0B Office of Finance and Administration	2,811,891	2,744,181	2,744,181	- 2.4%	2,855,143	4.0%
0C Office of Facilities Operation and Management	49,974,908	57,305,977	57,305,977	14.7%	56,193,419	- 1.9%
0D Office of Services and Logistics	2,917,021	3,542,465	3,542,465	21.4%	3,275,748	- 7.5%
0E Office of Real Estate	2,281,677	2,171,416	2,171,416	- 4.8%	2,371,809	9.2%
0G Office of Facilities Planning, Engineering, and Construction	12,558,483	10,391,015	10,391,015	- 17.3%	9,618,959	- 7.4%
<b>Total Expenditures</b>	<b>\$ 75,889,139</b>	<b>\$ 80,815,254</b>	<b>\$ 81,165,254</b>	<b>7.0%</b>	<b>\$ 78,774,761</b>	<b>- 2.9%</b>
General Fund	\$ 52,035,982	\$ 54,578,558	\$ 54,578,558	4.9%	\$ 52,334,400	- 4.1%
Special Fund	1,688,819	1,382,506	2,232,506	32.2%	1,182,846	- 47.0%
Federal Fund	618,343	1,140,881	640,881	3.6%	757,596	18.2%
<b>Total Appropriations</b>	<b>\$ 54,343,144</b>	<b>\$ 57,101,945</b>	<b>\$ 57,451,945</b>	<b>5.7%</b>	<b>\$ 54,274,842</b>	<b>- 5.5%</b>
Reimbursable Fund	\$ 21,545,995	\$ 23,713,309	\$ 23,713,309	10.1%	\$ 24,499,919	3.3%
<b>Total Funds</b>	<b>\$ 75,889,139</b>	<b>\$ 80,815,254</b>	<b>\$ 81,165,254</b>	<b>7.0%</b>	<b>\$ 78,774,761</b>	<b>- 2.9%</b>

Note: Fiscal 2003 appropriations and fiscal 2004 allowance do not include cost containment and contingent reductions.