

D20A15
Governor's Office for Smart Growth

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
	Operations	\$387	\$549	\$465	\$78	\$0
Contractual Services	16	20	9	-7	0	-9
Adjusted Grand Total	\$403	\$569	\$473	\$70	\$0	-\$473
General Funds	403	569	473	\$70	0	-473
Adjusted Grand Total	\$403	\$569	\$473	\$70	\$0	-\$473
Annual % Change		41.1%	-16.7%		-100.0%	

- The Governor's Office for Smart Growth (OSG) has participated in cost containment efforts for the past two years: \$14,028 in fiscal 2003 and \$59,796 in fiscal 2004.
- OSG's fiscal 2005 budget allowance is zero. The allowance assumes OSG will be eliminated and the Maryland Department of Planning (MDP) will assume OSG functions and receive \$277,258 in OSG funds.

Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
	Regular Positions	3.0	6.0	5.0	2.0	0.0
Contractual FTEs	1.5	0.0	0.0	-1.5	0.0	0.0
Total Personnel	4.5	6.0	5.0	0.5	0.0	-5.0

Vacancy Data: Regular Positions

Turnover Expectancy	0.00	0.00%
Positions Vacant as of 12/31/03	1.00	20.00%

- OSG lost one vacant position as part of fiscal 2004 cost containment efforts.
- The fiscal 2005 allowance assumes that three OSG regular positions are transferred to MDP and the Special Secretary and Information Technology (IT) positions are eliminated. However, the IT staff person who has a salary of \$72,518, was moved to the Governor's Office, reducing the overall savings from the merger.

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

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Analysis in Brief

Issues

Please see MDP's fiscal 2005 DLS budget analysis for a discussion of the merger of OSG into MDP.

Recommended Actions

1. Concur with Governor's allowance.

Updates

Report on Expenses Incurred By Other State Agencies on Behalf of OSG: A summary is provided of the resources other State agencies dedicated to OSG in fiscal 2002 and 2003.

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Governor's Office for Smart Growth

Operating Budget Analysis

Program Description

The Maryland General Assembly created the Office for Smart Growth (OSG) in 2001 (§9-1401, State Government Article). OSG was tasked with helping local governments, developers, citizen groups, and others expedite projects that are consistent with Smart Growth goals and providing a one-stop resource for individuals and organizations seeking to learn about the State's Smart Growth programs. OSG is mandated to work in three specific areas:

- Program and Policy Coordination – promoting interagency consensus and cooperation on projects that are consistent with Smart Growth;
- Education and Awareness – serving as an information clearinghouse on Smart Growth for local officials, developers, news media, and citizen groups; and
- Project Implementation – providing targeted advisory and technical assistance to local jurisdictions, developers, and the public that will help them prepare, finance, and develop projects that are consistent with Smart Growth.

OSG's four primary goals are to:

- preserve our valuable State natural resources, including forest and farmland, by encouraging growth inside Priority Funding Areas (PFAs);
- enhance the livability and vitality of communities and neighborhoods in PFAs;
- instill among Marylanders an awareness and understanding of growth-related issues, their importance to quality of life, and how Smart Growth addresses them; and
- provide coordinated, efficient delivery of State resources to customers regarding Smart Growth.

Performance Analysis: Managing for Results

Due to the proposed merger with the Maryland Department of Planning (MDP), data describing OSG's past and future performance was not provided in the budget books for fiscal 2005. OSG's broad mission and focus on facilitation as opposed to implementation of projects has always made it difficult to quantify its contributions. In addition, OSG revamped its performance measures for fiscal

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2003 and essentially has no performance data prior to fiscal 2003. Finally, OSG's programmatic efforts over the past year may have been limited due to the loss of key staff and the gradual assimilation of programs into MDP. As a result of these events and trends, an analysis of OSG's performance is not possible.

Fiscal 2004 Actions

Impact of Cost Containment

OSG was required to reduce general fund operational expenses by \$59,796 and one regular position as part of fiscal 2004 cost containment efforts.

Governor's Proposed Budget

Exhibit 1 illustrates that OSG's fiscal 2005 operating allowance is zero. The allowance assumes OSG will be eliminated, and MDP will assume OSG functions and receive \$277,258 in OSG general funds. The fiscal 2005 allowance assumes that two positions and \$196,197 in OSG general funds will be reduced, representing an efficiency savings to the State. However, an OSG IT position with a salary of \$72,518 was transferred to the Governor's Office, reducing the overall savings resulting from the merger.

Exhibit 1
Governor's Proposed Budget
Office for Smart Growth
(\$ in Thousands)

	<u>FY 03</u> <u>Actual</u>	<u>FY 04</u> <u>Approp.</u>	<u>FY 05</u> <u>Allowance</u>	<u>FY 04-05</u> <u>Change</u>	<u>FY 04-05</u> <u>% Change</u>
General Funds	\$569	\$473	\$0	-\$473	-100.0%
FY 2004 Deficiencies	0	0	0	0	
Contingent & Back of Bill Reductions	0	0	0	0	
Adjusted General Funds	\$569	\$473	\$0	-\$473	-100.0%
Adjusted Grand Total	\$569	\$473	\$0	-\$473	-100.0%

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Where It Goes:

Personnel Expenses

Abolished positions	-\$172
Positions transferred to MDP	-257

Other Changes

Operating funds transferred to MDP	-20
Cost containment savings.....	-24

Total	-\$473
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Note: Numbers may not sum to total due to rounding.

Issues

Please see MDP's fiscal 2005 DLS budget analysis for a discussion of the merger of OSG into MDP.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Report on Expenses Incurred by Other State Agencies on Behalf of OSG

In accordance with budget language, OSG submitted an expense report in December 2002 identifying \$9,260 in information technology, travel, and office supply expenses incurred by other State agencies. However, the report failed to provide any information concerning the costs associated with borrowing staff from other State agencies. As a result, fiscal 2004 budget bill language required OSG to provide detailed information about the fiscal 2002 and 2003 actual, and the fiscal 2004 and 2005 estimated expenses incurred by other agencies on its behalf. Furthermore, the language specifically noted that the home agency, classification, grade, step, and annual salary of temporary staff be included.

In December 2003, OSG submitted a partial response to the fiscal 2004 budget language. As shown in **Exhibit 4**, OSG provided data on the expenses incurred by other State agencies on behalf of OSG in fiscal 2002 and 2003. In fiscal 2002, 16 employees from other State agencies with salaries totaling \$656,674 and expenses totaling \$66,550 completed detail assignments at OSG. In fiscal 2003, 10 employees from other State agencies with salaries totaling \$267,932 and expenses totaling \$25,549 completed detail assignments at OSG. OSG did not provide information about the fiscal 2004 and 2005 estimated expenses incurred by other agencies.

Exhibit 4
Expenses Incurred by Other Agencies on Behalf of OSG

	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>
Number of Employees	16	10
Salaries	\$656,674	\$267,932
Expenses	66,550	25,549
Total \$	\$723,224	\$293,481

Source: Office for Smart Growth

Current and Prior Year Budgets

Current and Prior Year Budgets Governor's Office for Smart Growth (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$251	\$0	\$0	\$0	\$251
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	350	0	0	0	350
Cost Containment	-14	0	0	0	-14
Reversions and Cancellations	-17	0	0	0	-17
Actual Expenditures	\$569	\$0	\$0	\$0	\$569
Fiscal 2004					
Legislative Appropriation	\$533	\$0	\$0	\$0	\$533
Cost Containment	-60	0	0	0	-60
Budget Amendments	0	0	0	0	0
Working Appropriation	\$473	\$0	\$0	\$0	\$473

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

Fiscal 2003 Budget

The significant increase in general funds was primarily the result of \$349,516 and four positions being transferred to OSG from the Department of Natural Resources and MDP.

Fiscal 2004 Budget

OSG's general funds dedicated to operating functions decreased by \$59,796. This reduction is due to cost containment actions under the provisions of Section 7-213(a) of the State Finance and Procurement Article (Budget Amendment No.37-04). One position was eliminated as part of this cost containment action.

**Object/Fund Difference Report
Governor's Office for Smart Growth**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	6.00	5.00	0	-5.00	-100.0%
Total Positions	6.00	5.00	0	-5.00	-100.0%
Objects					
01 Salaries and Wages	\$ 498,288	\$ 428,872	\$ 0	-\$ 428,872	-100.0%
02 Technical & Spec Fees	-138	0	0	0	0.0%
03 Communication	24,139	16,003	0	-16,003	-100.0%
04 Travel	7,842	5,000	0	-5,000	-100.0%
07 Motor Vehicles	1,049	1,180	0	-1,180	-100.0%
08 Contractual Services	20,086	8,800	0	-8,800	-100.0%
09 Supplies & Materials	9,813	12,000	0	-12,000	-100.0%
10 Equip - Replacement	4,374	0	0	0	0.0%
11 Equip - Additional	3,443	0	0	0	0.0%
13 Fixed Charges	-224	1,600	0	-1,600	-100.0%
Total Objects	\$ 568,672	\$ 473,455	\$ 0	-\$ 473,455	-100.0%
Funds					
01 General Fund	\$ 568,672	\$ 473,455	\$ 0	-\$ 473,455	-100.0%
Total Funds	\$ 568,672	\$ 473,455	\$ 0	-\$ 473,455	-100.0%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.