

**F10A**  
**Office of the Secretary**  
**Department of Budget and Management**

***Operating Budget Data***

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(\$ 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	\$14,718	\$15,100	\$15,456	\$738	\$16,295	\$839
Contractual Services	2,305	1,365	1,547	-758	2,344	797
Grants	0	0	0	0	0	0
Contingent & Back of Bill Reductions	0	0	0	0	-78	-78
<b>Adjusted Grand Total</b>	<b>\$17,022</b>	<b>\$16,465</b>	<b>\$17,003</b>	<b>-\$20</b>	<b>\$18,561</b>	<b>\$1,558</b>
General Funds	10,795	9,550	9,227	-1,568	10,552	1,325
Contingent & Back of Bill Reductions	0	0	0	0	-39	-39
<b>Adjusted General Funds</b>	<b>\$10,795</b>	<b>\$9,550</b>	<b>\$9,227</b>	<b>-\$1,568</b>	<b>\$10,513</b>	<b>\$1,286</b>
Special Funds	6,228	6,915	7,587	1,360	7,896	308
Contingent & Back of Bill Reductions	0	0	0	0	-39	-39
<b>Adjusted Special Funds</b>	<b>\$6,228</b>	<b>\$6,915</b>	<b>\$7,587</b>	<b>\$1,360</b>	<b>\$7,857</b>	<b>\$269</b>
Contingent & Back of Bill Reductions	0	0	188	188	191	3
<b>Adjusted Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$188</b>	<b>\$188</b>	<b>\$191</b>	<b>\$3</b>
<b>Adjusted Grand Total</b>	<b>\$17,022</b>	<b>\$16,465</b>	<b>\$17,003</b>	<b>-\$20</b>	<b>\$18,561</b>	<b>\$1,558</b>
<b>Annual % Change</b>		<b>-3.3%</b>	<b>3.3%</b>		<b>9.2%</b>	

- Reductions in spending for Governor's Policy Fellows, system upgrades, tuition reimbursement, and other miscellaneous operating costs result in a net decrease in spending from fiscal 2002 to 2004.
- Deferred compensation contribution funding (\$78,044) or the State's match of up to \$600 in 401(k)/403(b)/457 contributions is withdrawn in Section 29 of the budget bill. The Department of Budget and Management (DBM) is not required to make contributions in Section 7 of the Budget Reconciliation and Financing Act of 2004.

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

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- The allowance increases by \$1.6 million (9.2%) over fiscal 2004 largely due to a \$1 million enhancement for accounting consulting services.

***Personnel Data***

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	<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	193.8	200.8	206.8	13.0	206.8	0.0
Contractual FTEs	12.4	13.9	8.5	-3.9	10.0	1.5
<b>Total Personnel</b>	<b>206.2</b>	<b>214.7</b>	<b>215.3</b>	<b>9.1</b>	<b>216.8</b>	<b>1.5</b>

***Vacancy Data: Regular Positions***

Turnover Expectancy	4.12	1.99%
Positions Vacant as of 12/31/03	33.00	15.96%

- Between fiscal 2002 and the fiscal 2004 working appropriation, a net total of 25.0 new FTE positions have been added to the Central Collections Unit (CCU); a net total of 12.0 FTE positions have been abolished through cost containment in the Office of the Secretary, Office of Budget Analysis, and Office of Capital Budgeting during the same time period.
- In fiscal 2004, 5.0 FTE contractual positions were abolished as part of cost containment, all of which were Governor's Fellows positions. The agency has included the return in the allowance of 1.5 FTEs of the abolished Governor's Fellows positions.
- The number of vacancies in DBM Office of the Secretary is rather large. It, however, includes 20.0 FTE positions recently approved by BPW for CCU. If those positions are excluded from the vacancy rate calculation, the number of FTE vacancies is 13.0 and the vacancy rate is 6.3%.

## ***Analysis in Brief***

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### **Issues**

***Managing for Results?:*** DBM is asked to present its plan to the budget committees for making Managing for Results a more valuable tool for policymakers, administrators, and officials.

### **Recommended Actions**

#### **Funds**

1. Add section to limit funds expended to pay for the salary of an Acting Secretary.
  2. Add section to restrict the payment funds for the salary of an Acting Secretary whose nomination is rejected by the Senate.
  3. Add section to provide for quarterly Executive Pay Plan salary reporting.
  4. Add section allowing the withholding of up to 25% of a Secretary's salary for fiscal noncompliance with State laws, rules, and regulations.
  5. Add section requiring a subsidiary ledger control account to track workers' compensation funds.
  6. Add section requiring a report on homeland security expenditures.
  7. Amend Section 17 to limit transfer of funds out of selected subobjects.
  8. Add section requiring that across-the-board reductions be applied to higher education institutions.
  9. Delete Section 2 authorizing withheld allotments.
  10. Reduce funds for turnover expectancy to better reflect number of actual vacancies. \$ 130,000
  11. Reduce funding for technical assistance to improve efficiency. 750,000
- Total Reductions** \$ 880,000



**F10A**  
**Office of the Secretary**  
**Department of Budget and Management**

***Operating Budget Analysis***

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**Program Description**

The Department of Budget and Management (DBM) is responsible for coordinating the study and analysis of the needs, administration, organization, functions, economy, efficiency, and performance of State agencies. The department is responsible for preparing and submitting the State budget, including capital items, to the General Assembly; providing ongoing assistance to operating departments for the preparation and execution of the State budget, including Managing for Results (MFR) program requirements; providing both short- and long-range projections of State revenue necessary for the executive fiscal planning and budgetary functions; and analyzing the revenue sources available to the State. The Central Collections Unit (CCU) attempts to collect certain debts owed to the State and is supported by a percentage of the debts collected. The functions of the Office of Personnel Services and Benefits and the Office of Information Technology are reviewed in separate analyses.

Primary MFR goals include:

- to allocate resources to contribute to achievement of outcome goals by State agencies;
- to ensure that agencies have a high quality workforce that reflects the diversity of the State;
- to maximize return on investment in CCU; and
- to ensure that State-owned capital projects included in the capital budget are consistent with the principles of sound capital budget planning.

**Performance Analysis: Managing for Results**

As shown in **Exhibit 1**, CCU has increased debt referrals significantly through fiscal 2003 and into fiscal 2004. The largest share of the new referrals has come from the Motor Vehicle Administration Insurance Lapse Program.

CCU reports that the acquisition of these and other new referrals has had an adverse impact on the performance of the unit, at least as represented by MFR measures. The decline in the percentage of debt collected upon between fiscal 2002 and 2003 is reflective of the significant increase in the number of accounts assigned to CCU during fiscal 2003. During the year, the number of accounts assigned to CCU increased by 209,166, while the number of accounts collected increased by 59,287.

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**Exhibit 1**  
**Program Measurement Data**  
**Department of Budget and Management – Office of the Secretary**  
**Fiscal 2001 – 2005**

	<u>Actual</u> <u>2001</u>	<u>Actual</u> <u>2002</u>	<u>Actual</u> <u>2003</u>	<u>Est.</u> <u>2004</u>	<u>Est.</u> <u>2005</u>	<u>Ann.</u> <u>Chg.</u> <u>01-03</u>	<u>Ann.</u> <u>Chg.</u> <u>03-05</u>
Net profit in CCU – goal: to increase or maintain (\$ in thousands)	\$523	\$1,092	\$2,818	\$1,000	\$1,000	132.0%	-40.4%
Percent of debt referrals collected upon – goal: 40%	48.0%	40.0%	36.0%	33.4%	31.0%	-13.4%	-7.2%
Percent of total dollars value of debt collected upon – goal: 33%	32.0%	38.0%	30.4%	32.0%	33.6%	-2.5%	5.1%

Source: Department of Budget and Management

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A similar pattern is shown in the decline in the dollar value upon which the debt is collected. CCU reports that the decline was a result of a large increase in the dollar value of new accounts assigned to CCU (\$380 million, a 55% increase), and a much lower increase in the dollar value of accounts collected (\$67 million, a 29.2% increase).

### **Fiscal 2004 Cost Containment**

In fiscal 2004 general funds were reduced by \$681,031 through the July 30, 2003, BPW cost containment measure, and \$138,063 in reimbursable funds was added. Cost containment reductions included, but were not limited to, reductions in salaries (\$418,000), reduced participation in the Governor’s Fellows Program (\$185,210), reduced funding for other contractual positions (\$29,000), reduced funding for the *Capital Improvement Program* book printing costs (\$7,991), and a decrease in procurement-related organization association dues (\$7,069). Reimbursable funds were added due to the shift in funding from general funds to reimbursable funds for 4.0 regular positions.

## Governor's Proposed Budget

Increases in the Governor's allowance in the Office of the Secretary, demonstrated in **Exhibit 2**, are dominated by a new \$1.0 million "efficiency fund" designed to primarily provide accounting and other efficiency-enhancing consultant services to agencies. Other significant changes include increases in employee compensation, telecommunication charges, and expenditures for a secondary collection agency used after CCU has exhausted collection efforts. DBM is also anticipating a large decrease in a variety of other contracts, most significantly in building repairs (-\$100,000), equipment rental (-\$99,807), and Annapolis Data Center charges.

**Exhibit 2**  
**Governor's Proposed Budget**  
**Department of Budget and Management – Office of the Secretary**  
(\$ 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	\$9,550	\$9,227	\$10,552	\$1,325	14.4%
Contingent & Back of Bill Reductions	0	0	-39	-39	
<b>Adjusted General Funds</b>	<b>\$9,550</b>	<b>\$9,227</b>	<b>\$10,513</b>	<b>\$1,286</b>	<b>13.9%</b>
Special Funds	\$6,915	\$7,587	\$7,896	\$308	4.1%
Contingent & Back of Bill Reductions	0	0	-39	-39	
<b>Adjusted Special Funds</b>	<b>\$6,915</b>	<b>\$7,587</b>	<b>\$7,857</b>	<b>\$269</b>	<b>3.5%</b>
Reimbursable Funds	\$0	\$188	\$191	\$3	1.4%
<b>Adjusted Grand Total</b>	<b>\$16,465</b>	<b>\$17,003</b>	<b>\$18,561</b>	<b>\$1,558</b>	<b>9.2%</b>

### Where It Goes:

#### Personnel Expenses

Increments and other compensation .....	\$188
Employee and retiree health insurance .....	172
Turnover adjustments .....	-89
Additional incentive payments with the hire of new employees at CCU .....	85
Other fringe benefit adjustments .....	50

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**Where It Goes:**

**Other Changes**

Efficiency fund to primarily provide accounting and other efficiency-enhancing consultant services to agencies.....	1,000
DBM paid telecommunications and other communications costs .....	357
Secondary collection agency used after CCU has exhausted collection efforts (reflects fiscal 2003 actual) .....	191
Addition of 1.5 FTE Governor's Fellows contractual employees .....	55
Equipment rental, building repairs and maintenance, computer usage, and other contractual services.....	-394
Supplies, equipment rental, subscriptions, insurance, rent, and association dues.....	-48
Travel, vehicle maintenance, and fuel .....	-9
<b>Total</b>	<b>\$1,558</b>

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

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**Impact of Cost Containment**

A \$4.5 million transfer from CCU to the general fund is proposed through the Fund Transfers Act of 2004 (Senate Bill 509/House Bill 870). This transfer is made from its Central Collections Fund, which is used as a reserve to meet operating expense cash flow needs in the event of downturns in revenue collection. The fund balance also serves to provide funding for contingencies such as start-up costs for new CCU locations, one-time only costs related to an office expansion and reconfiguration to accommodate recent additions of personnel, and reserve funds. The fund balance has grown steadily over the years, from \$1.5 million in fiscal 2000 to \$5.9 million in fiscal 2003, and to a projected \$7.1 million in fiscal 2005 before the transfer. The transfer of \$4.5 million to the general fund in fiscal 2005 will not disrupt the operation of CCU.

## ***Issues***

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### **1. Managing for Results?**

The 2003 *Joint Chairmen's Report* included narrative requesting a plan for MFR reforms from DBM. It also requested that Office of Legislative Audits (OLA) examine the process used to develop and use MFR to aid with budget decisions and with the effective administration of agency programs.

#### **DBM Response**

DBM contends that it will continue to work toward improving the MFR process to make it a more valuable tool for management, decision-making, and oversight. DBM recognizes that this will involve significant restructuring; in the weeks after its response was submitted, DBM was to consider such changes and keep the Department of Legislative Services (DLS) apprised of developments.

Responses to specific concerns included:

- DBM agreed to add legislative representatives and one or more customers of State services to the MFR steering committee, but it did not believe that a smaller body was necessary to develop and accomplish overarching goals. It also asserted its belief that the steering committee should be concerned with process rather than policy.
- DBM assured the budget committees that it will re-emphasize the importance of good internal controls and encourage documentation of performance. DBM also indicated that appropriate training will be continued.
- DBM said that it will prepare additional performance reports to permit legislative review during session and that it will look into the feasibility of bi-annual reporting.
- DBM assured the committees that it has developed procedures to ensure that strategic planning and results information are used when agencies formulate and present their budget requests. It also reported that it continues to emphasize to agency officials the value of MFR as a management tool.

#### **OLA Conclusions**

OLA did not have a positive evaluation of the MFR process as it is currently used. It reported the following:

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MFR is not being effectively used by DBM in the statewide budget process. In addition, the State agencies reviewed generally could not document the usage of MFR when formulating budgets, or for administering and implementing ongoing operations. The State had no current comprehensive statewide strategic plan, and as a result, agencies could not ensure that agency plans aligned with the overall direction of the State. In addition, the State agencies reviewed often did not develop all required components of MFR, such as program strategies and action plans, and did not submit MFR information to DBM in a timely manner for review and comment when making budget recommendations.

. . . MFR data were gathered and reported, usually at fiscal year end, to simply comply with DBM budget submission instructions. At a DBM estimated cost of \$1.9 million for fiscal 2002, MFR's cost effectiveness and current value to the State appears limited. In addition, these estimated costs appear to be understated. The failure to fully implement MFR raises questions as to whether the State government is committed to results-based management and budgeting.

**DLS recommends that DBM present its plan for making MFR a more valuable tool for the General Assembly, other policymakers, and administrators. DLS also requests that DBM submit an example of the additional performance reports it intends to provide that will permit legislative review of agency performance during session. Lastly, DLS recommends that DBM demonstrate that it has developed procedures to ensure that strategic planning and results information are used when agencies formulate and present their budget requests, using specific examples. DBM is also asked to submit evidence that it has used these strategic plans and results information in making its budget decisions.**

## ***Recommended Actions***

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1. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That no funds in this budget may be expended to pay the salary of an Acting Secretary of any department for more than 60 calendar days.

**Explanation:** Acting Secretary is a temporary position and should be funded accordingly.

2. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That no funds in this budget may be expended to pay the salary of an Acting Secretary of any department whose nomination as Secretary has been rejected by the Senate.

**Explanation:** This language ensures that the intentions of the Senate are reflected in the payment of executive salaries.

3. Add the following section:

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

- (1) a report listing the grade, salary, title, and incumbent of each position in the Executive Pay Plan (EPP) as of July 1, October 1, January 1, and April 1; 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 at 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 are considered to fulfill a requirement for documentation of any specific recruitment, retention, or other issues that warrant a pay increase.

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<b>Information Request</b>	<b>Authors</b>	<b>Due Date</b>
Report of all Executive Pay	DBM	July 15, 2004
Plan positions	MDOT	October 15, 2004 January 15, 2005 April 15, 2005

4. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That whenever the Joint Audit Committee, through its review and evaluation process of audit reports issued by the Legislative Auditor, and after consultation with the Legislative Auditor, determines, based upon exceptions contained in the audit reports, that a particular agency (to include department, administration, division, bureau, board, or commission) does not adequately comply with State laws, rules, and regulations regarding the agency’s fiscal and accounting record and procedures and/or fiscal administration activities, that the committee may recommend to the Governor that the Comptroller withhold up to 25 percent of the salary of the Secretary of the department and/or of the State official deemed responsible. The amount to be withheld, the duration of such withholding, and the date of release of any amount withheld shall be recommended by the committee after consultation with the Legislative Auditor, including any recommendations that the Legislative Auditor deems appropriate. The Governor shall advise the committee as to the decision regarding the committee’s recommendations. If the Governor directs that the salary of the head of the agency and/or salary of the Secretary of the department and/or salary of the State official deemed responsible be withheld, the Governor may recommend the date on which the salary shall be restored to the full amount as provided in the budget and the amount withheld to be paid. The committee shall consider the recommendations of the Governor and advise the Governor as to its decision whether or not to allow the salary to be restored to the full amount as provided in the budget and the amount withheld to be paid.

**Explanation:** This annual language provides for the possible reduction of up to 25% of a Secretary’s salary in the event that the agency does not adequately comply with State laws, rules, and regulations regarding the agency’s fiscal support.

5. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That the Comptroller of the Treasury’s General Accounting Division (GAD) shall establish a subsidiary ledger control account to debit all State agency funds budgeted under object 0175 (workers’ compensation coverage) and to credit all payments disbursed to the Injured Workers’ Insurance Fund (IWIF) via transmittal. The control account shall also record all funds withdrawn from the IWIF and returned to the State and subsequently transferred to the general fund. GAD and/or the Treasurer’s Office shall submit monthly reports to the Department of Legislative Services concerning the status of the account.

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**Explanation:** This provides continuation of a system to track workers' compensation payments to IWIF for payment of claims, current expenses, and funded liability for incurred losses by the State.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Report on status of ledger control account	State's Treasurer's Office/GAD	Monthly beginning July 1, 2004

6. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That the Department of Budget and Management (DBM) shall be required to submit a report to the General Assembly by October 1, 2004, detailing specific spending for purposes related to homeland security by agency and by funding source. Information on pass-through funding made available to local jurisdictions by jurisdiction and funding sources shall also be given. This report shall list the uses to which these funds have been put at the State level. Restrictions, contingencies, and any applicable expiration dates shall be given for funds made available through the federal government.

**Explanation:** Consolidated information on funds that have been made available for the purpose of homeland security is not readily available. This report will provide that information for the second year.

7. Amend the following section:

SECTION 17. AND BE IT FURTHER ENACTED, That funds appropriated to the various State agency programs and subprograms in Comptroller objects 0152 (Health Insurance), 0154 (Retiree Health Insurance Premiums), 0175 (Workers' Compensation), 0217 (Health Insurance – MDOT only), and 0305 (DBM Paid Telecommunications) are to be utilized for their intended purposes only. ~~The expenditure or transfer of these funds for other purposes requires the prior approval of the Secretary of Budget and Management.~~ Notwithstanding any other provision of law, the Secretary of Budget and Management may transfer amounts appropriated in Comptroller object 0305 between State departments and agencies by approved budget amendment in fiscal year 2004 and fiscal year 2005.

**Explanation:** This amendment withdraws the opportunity for the Secretary of Budget and Management to redirect these funds for other purposes.

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8. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That all across-the-board reductions applied to the Executive Branch, unless otherwise stated, shall apply to current unrestricted and general funds in the University System of Maryland, St. Mary's College of Maryland, Morgan State University, and Baltimore City Community College.

**Explanation:** This section explicitly applies reductions intended for the full Executive Branch to the University System of Maryland, St. Mary's College of Maryland, Morgan State University, and Baltimore City Community College.

9. Delete the following section:

~~SECTION 2. AND BE IT FURTHER ENACTED, That in order to carry out the provisions of these appropriations the Secretary of Budget and Management is authorized:~~

- ~~(a) To allot all or any portion of the funds herein appropriated to the various departments, boards, commissions, officers, schools and institutions by monthly, quarterly or seasonal periods and by objects of expense and may place any funds appropriated but not allotted in contingency reserve available for subsequent allotment. Upon the Secretary's own initiative or upon the request of the head of any State agency, the Secretary may authorize a change in the amount of funds so allotted.~~

~~The Secretary shall, before the beginning of the fiscal year, file with the Comptroller of the Treasury a schedule of allotments, if any. The Comptroller shall not authorize any expenditure or obligation in excess of the allotment made and any expenditure so made shall be illegal.~~

- ~~(b) To allot all or any portion of funds coming into the hands of any department, board, commission, officer, school and institution of the State, from sources not estimated or calculated upon in the budget.~~
- ~~(c) To fix the number and classes of positions, including temporary and permanent positions, or person years of authorized employment for each agency, unit, or program thereof, not inconsistent with the Public General Laws in regard to classification of positions. The Secretary shall make such determinations before the beginning of the fiscal year and shall base them on the positions or person years of employment authorized in the budget as amended by approved budgetary position actions. No payment for salaries or wages nor any request for or certification of personnel shall be made except in accordance with the Secretary's determinations. At any time during the fiscal year the Secretary may amend the number and classes of positions or person years of employment previously fixed by the Secretary; the Secretary may delegate all or part of this authority. The governing boards of public institutions of higher education shall have the authority to transfer positions between programs and campuses under each~~

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~~institutional board's jurisdiction without the approval of the Secretary, as provided in Section 15-105 of the Education Article.~~

~~(d) To prescribe procedures and forms for carrying out the above provisions.~~

**Explanation:** Deleting Section 2 removes authorization for the Governor to unilaterally withhold allotments from agencies.

	<b><u>Amount Reduction</u></b>	
10. Reduce funds available for turnover expectancy to better reflect the number of actual vacancies. The general fund reduction shall be allocated among divisions.	\$ 120,000	GF
	\$ 10,000	SF
11. Reduce funds for consultants. The allowance includes \$1.0 million to provide expertise primarily to improve accounting systems and to address other accounting issues in State agencies and at the State level. The Department of Budget and Management has no specific plans for use of the funds and has no prior experience in procuring these services. The reduction still leaves \$250,000 for limited consulting services.	750,000	GF
<b>Total Reductions</b>	<b>\$ 880,000</b>	
<b>Total General Fund Reductions</b>	<b>\$ 870,000</b>	
<b>Total Special Fund Reductions</b>	<b>\$ 10,000</b>	

***Current and Prior Year Budgets***

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**Current and Prior Year Budgets  
Department of Budget and Management - Office of the Secretary  
(\$ 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 2003</b>					
Legislative Appropriation	\$10,428	\$6,331	\$0	\$77	\$16,835
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	132	600	0	0	732
Cost Containment	-297	0	0	0	-297
Reversions and Cancellations	-713	-16	0	-\$77	-805
<b>Actual Expenditures</b>	<b>\$9,550</b>	<b>\$6,915</b>	<b>\$0</b>	<b>\$0</b>	<b>\$16,465</b>
<b>Fiscal 2004</b>					
Legislative Appropriation	\$9,908	\$6,519	\$0	\$50	\$16,477
Cost Containment	-681	0	0	138	-543
Budget Amendments	0	1,068	0	0	1,068
<b>Working Appropriation</b>	<b>\$9,227</b>	<b>\$7,587</b>	<b>\$0</b>	<b>\$188</b>	<b>\$17,003</b>

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

## **Fiscal 2003**

Fiscal 2003 activity includes but is not limited to the following:

- \$131,536 in general funds was reallocated between programs by amendment within DBM in accordance with Section 8 of the Budget Reconciliation and Financing Act (BRFA) of 2003. Section 8 required the reversion of \$2.2 million from the State Chief of Information Technology program. Funds were also reallocated to reflect actual expenditures associated with contractual services and to facilitate the centralized allocation of equipment.
- A reduction of \$277,836 in general funds reflects the reversion of funds as a cost containment action under the provisions of Section 7-213(a) of the State Finance and Procurement Article. BPW approved this transfer on January 8, 2003.
- A general fund cost containment reduction of \$18,935 was made from the funds used to support free transit ridership for State employees, in accordance with the BRFA of 2003. The cost of this benefit was absorbed by the Maryland Department of Transportation.
- \$600,000 in special funds was approved by amendment for CCU. These funds were used to support increased workload due to additional debt referrals from the Motor Vehicle Administration Insurance Lapse Program and from the Tax Refund Intercept and Liabilities Offset Program.
- \$712,532 in general fund reversions includes, but is not limited to, funds budgeted for supplies for abolished positions (\$100,000), unawarded Governor's Fellows (\$80,000), unspent funds in the Annapolis Data Center (\$160,000), and postponed fleet management software upgrades and enhancements (\$164,977).

## **Fiscal 2004**

- \$1,068,154 in special funds was approved by amendment for CCU to support the hire of 20 new employees and the purchase of equipment needed for the new employees. These new positions were created to address both backlogged and anticipated debt referrals by the Motor Vehicle Administration.
- General funds were reduced by \$681,031 through the July 30, 2003, BPW cost containment measure, and \$138,063 in reimbursable funds was added. Cost containment reductions included, but were not limited to, the elimination of tuition assistance (\$350,000), reduced participation in the Governor's Fellows Program (\$185,210), reduced funding for consultant services for the Financial Management Information System (\$100,000), reduced funding for the *Capital Improvement Program* book printing costs (\$7,991), and a decrease in procurement-related organization association dues (\$7,069). Reimbursable funds were added due to the shift in funding from general funds to reimbursable funds for 4.0 regular positions.

**Object/Fund Difference Report  
DBM – Office of the Secretary**

<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>
<b>Positions</b>					
01 Regular	200.80	206.80	206.80	0	0%
02 Contractual	13.90	8.50	10.00	1.50	17.6%
<b>Total Positions</b>	<b>214.70</b>	<b>215.30</b>	<b>216.80</b>	<b>1.50</b>	<b>0.7%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 12,299,098	\$ 12,928,186	\$ 13,411,897	\$ 483,711	3.7%
02 Technical & Spec Fees	558,223	322,985	378,345	55,360	17.1%
03 Communication	1,568,365	1,280,364	1,637,114	356,750	27.9%
04 Travel	60,074	65,286	56,952	-8,334	-12.8%
07 Motor Vehicles	31,167	16,791	16,538	-253	-1.5%
08 Contractual Services	1,364,724	1,546,802	2,343,755	796,953	51.5%
09 Supplies & Materials	358,017	357,026	432,106	75,080	21.0%
10 Equip - Replacement	40,279	278,142	96,855	-181,287	-65.2%
13 Fixed Charges	184,979	207,012	265,101	58,089	28.1%
<b>Total Objects</b>	<b>\$ 16,464,926</b>	<b>\$ 17,002,594</b>	<b>\$ 18,638,663</b>	<b>\$ 1,636,069</b>	<b>9.6%</b>
<b>Funds</b>					
01 General Fund	\$ 9,549,545	\$ 9,227,043	\$ 10,552,381	\$ 1,325,338	14.4%
03 Special Fund	6,915,381	7,587,488	7,895,675	308,187	4.1%
09 Reimbursable Fund	0	188,063	190,607	2,544	1.4%
<b>Total Funds</b>	<b>\$ 16,464,926</b>	<b>\$ 17,002,594</b>	<b>\$ 18,638,663</b>	<b>\$ 1,636,069</b>	<b>9.6%</b>

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

**Fiscal Summary  
DBM – Office of the Secretary**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
01 Office of the Secretary	\$ 12,901,016	\$ 12,923,393	\$ 13,625,164	5.6%	\$ 15,230,128	11.8%
05 Office of Budget Analysis	2,087,491	2,142,143	1,987,838	-4.8%	2,024,049	1.8%
06 Office of Capital Budgeting	1,476,419	1,411,872	1,389,592	-5.9%	1,384,486	-0.4%
<b>Total Expenditures</b>	<b>\$ 16,464,926</b>	<b>\$ 16,477,408</b>	<b>\$ 17,002,594</b>	<b>3.3%</b>	<b>\$ 18,638,663</b>	<b>9.6%</b>
General Fund	\$ 9,549,545	\$ 9,908,073	\$ 9,227,043	-3.4%	\$ 10,552,381	14.4%
Special Fund	6,915,381	6,519,333	7,587,488	9.7%	7,895,675	4.1%
Federal Fund	0	-\$ 0	0	0.0%	0	0.0%
<b>Total Appropriations</b>	<b>\$ 16,464,926</b>	<b>\$ 16,427,408</b>	<b>\$ 16,814,531</b>	<b>2.1%</b>	<b>\$ 18,448,056</b>	<b>9.7%</b>
Reimbursable Fund	\$ 0	\$ 50,000	\$ 188,063	N/A	\$ 190,607	1.4%
<b>Total Funds</b>	<b>\$ 16,464,926</b>	<b>\$ 16,477,408</b>	<b>\$ 17,002,594</b>	<b>3.3%</b>	<b>\$ 18,638,663</b>	<b>9.6%</b>

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