

**D05E01
Board of Public Works**

Operating Budget Data

(\$ in Thousands)

	<u>FY 04 Actual</u>	<u>FY 05 Working</u>	<u>FY 06 Allowance</u>	<u>FY 05-06 Change</u>	<u>% Change Prior Year</u>
General Fund	\$3,010	\$3,987	\$7,879	\$3,892	97.6%
Special Fund	<u>6,529</u>	<u>1,804</u>	<u>1,804</u>	<u>0</u>	
Total Funds	\$9,539	\$5,790	\$9,683	\$3,892	67.2%
Contingent & Back of Bill Reductions			-5	-5	
Adjusted Total	\$9,539	\$5,790	\$9,677	\$3,887	67.1%

- The fiscal 2006 allowance includes two new grants to the State budget that add a total of \$550,000 in proposed general funds expenditures. This includes a \$300,000 grant to support the neighborhood revitalization initiatives of Creative Alliance, Inc., and a \$250,000 grant to the Maryland Commission for Women to support the operations of the Maryland Women’s Heritage Center.
- As required by Chapter 96, Acts of 2004, the Board of Public Work’s (BPW) fiscal 2006 allowance includes a grant to the Maryland Zoo in Baltimore. This annual grant, provided to support the general operations of the zoo in accordance with a lease agreement between the State and the Maryland Zoological Society, was formerly budgeted with the Maryland State Department of Education. The amount budgeted is \$2,860,000 in general funds.
- The amount budgeted for payments of civil judgments against the State increases by \$210,000 in general funds over the fiscal 2005 working appropriation to reflect annual payment for the Michael Austin settlement.

Personnel Data

	<u>FY 04 Actual</u>	<u>FY 05 Working</u>	<u>FY 06 Allowance</u>	<u>FY 05-06 Change</u>
Regular Positions	9.00	9.00	9.00	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	9.00	9.00	9.00	0.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	0.00	0.00%
Positions Vacant as of 12/31/04	0.00	0.00%

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

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Analysis in Brief

Major Trends

Information Requests Processed within Thirty Days: Quantitatively assessing the quality of the board's decision-making task is difficult. Instead, the board measures how quickly it processes information requests that help the board members with their decision-making task.

Wetlands Licensing: The Wetlands Administration coordinates the State's wetlands licensing processes. Measures on the number of licenses processed annually and the number processed within 30 days are included in the board's Managing for Results submission. **The Department of Legislative Services (DLS) recommends that the Wetlands Administration report annual licensing revenues and discuss whether its function might be better suited to the Maryland Department of the Environment.**

Issues

Baltimore City State's Attorney's Office Grant: The fiscal 2006 allowance provides a grant to the Baltimore City State's Attorney's Office (BCSAO) to help defray the cost of increased prosecution of gun crimes and violent offenders. This grant has been provided since fiscal 2001 in various amounts. **DLS recommends budget language requiring the BCSAO to provide quarterly reports to the budget committees that include statistical data on the office's prosecutorial efforts supported by the State grant. DLS further recommends level funding this grant to the amount provided in the fiscal 2005 budget. Finally, DLS recommends budget language that would transfer the budgeting of this grant through the Governor's Office of Crime Control and Prevention.**

Interagency Agreements Need Further Scrutiny: A recent audit of the Department of Public Safety and Correctional Services revealed that it had entered into a number of interagency agreements with the University System of Maryland. The auditors found that this practice is perhaps being used to circumvent State procurement requirements. An uncodified section of the 2004 Budget Reconciliation and Financing Act (Chapter 430, Acts of 2004) (BRFA) requires State agencies to provide reports on their interagency agreement for the next three years. **DLS reviewed these reports and believes that further amendments to Section 26 of the 2004 BRFA are required in order for a more complete assessment of this situation to take place.**

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Recommended Actions

	<u>Funds</u>
1. Delete the general fund grant to the Maryland Commission for Women.	\$250,000
2. Delete the general fund grant to Creative Alliance, Inc.	300,000
3. Amend budget language that reflects recommended changes to the list of miscellaneous grants.	
4. Add language requiring quarterly reports from the Baltimore City State's Attorney's Office.	
5. Reduce the general fund grant to the Baltimore City State's Attorney's Office.	250,000
6. Add language that directs the transfer of grant funds provided to the Baltimore City State's Attorney's Office to the Governor's Office of Crime Control and Prevention.	
7. Add language that transfers grants to the appropriate budgeting agency.	
Total Reductions	\$800,000

Updates

Contingency Fund Payments: BPW's Contingency Fund exists to supplement the appropriation of other State agencies. During fiscal 2004, the fund only transferred \$86,175 of its \$750,000 general fund appropriation and reverted the remainder to the general fund.

Volunteer Firemen's Grants: The 2004 BRFA made several changes to the structure of grant and loan programs that target the needs of the State's many volunteer fire companies.

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Operating Budget Analysis

Program Description

The Board of Public Works (BPW) comprises the Governor, Comptroller, and Treasurer. The board approves the expenditure of all sums appropriated through State loans authorized by the General Assembly and funds appropriated for capital improvements, except construction contracts for State roads, bridges, and highways. The board approves leases and contracts executed by State agencies. It adopts and promulgates rules, regulations, and procedures for the administration of the State's procurement law. The board approves certain actions of the State Public School Construction Program, including the allocations, which are paid to each county and to Baltimore City. The board also approves the amount and timing of bond sales.

The board is also responsible for the issuance of licenses to people seeking to dredge in or to place fill on State tidal wetlands. The Wetlands Administration is a division of the board that conducts public hearings, prepares written recommendations, and issues licenses after approval by the board. This program also coordinates the State's wetlands licensing program with other governmental agencies, landowners, and the general public.

The budget for BPW contains funds for the administrative staff of the board, a contingency fund to supplement general fund appropriations when necessary, grant funds for private nonprofit groups, funds to pay settlements and judgments against the State, and funds for certain capital purposes including the State Public School Construction Program.

Performance Analysis: Managing for Results

Although BPW participates in Managing for Results (MFR), the oversight nature of the BPW's work is largely the stewardship of the State's assets. Quantitatively assessing the quality of that decision-making task that accurately captures the related performance of BPW is difficult. Instead, BPW has chosen performance measures that demonstrate the board's ability to prepare its members for meetings and to provide open and timely access to information on the State's procurement actions, approval of capital projects and acquisition, and use and transfer of State assets. **Exhibit 1** illustrates the number of information requests and percentage of requests processed within 30 days.

- **Objective:** *Respond to research requests from government units and members of the public in a manner satisfactory to 95% of customers.*

Exhibit 1
Information Requests and Percentage of Requests
Processed within 30 Days
Fiscal 2003 – 2006

<u>Performance Measure</u>	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Actual</u>	<u>FY 2005</u> <u>Est.</u>	<u>FY 2006</u> <u>Est.</u>
Information requests	*	828	1,000	1,000
Percent of information requests processed within 30 days	*	100%	95%	95%

Note: *Denotes data not available.

Source: Board of Public Works

BPW also coordinates the State’s wetlands licensing program through the Wetlands Administration. More specifically, the Wetlands Administration conducts public hearings, prepares written recommendations, and issues licenses after approval by BPW. Presently, two full-time positions are budgeted for operation of the administration’s licensing function. Measures that relate to the Wetland Administration’s processing of wetlands licenses are included in the board’s MFR submission. **Exhibit 2** illustrates the number of administration information requests and percentage of requests processed within 30 days.

- **Objective:** Process 90% of wetland licenses within 30 days.
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Exhibit 2
Information Requests and Percentage of Requests
Wetland License Applications
Processed within 30 Days
Fiscal 2003 – 2006

<u>Performance Measure</u>	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Actual</u>	<u>FY 2005</u> <u>Est.</u>	<u>FY 2006</u> <u>Est.</u>
Wetland license applications	150	170	175	175
Licenses processed within 30 days	141	167	175	175
Percent of licenses processed within 30 days	94%	98%	100%	100%

Source: Board of Public Works

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In accordance with Section 16-205 of the Environment Article, BPW has established and collects fees for all wetlands licenses it processes. Regulations pertaining to licensing procedures for State tidal wetlands are located under Title 23, Subtitle 02, Chapter 04, of the Code of Maryland Regulations. These fees, which vary depending upon the type of activity and license sought by the applicant, are deposited into the Tidal Wetlands Compensation Fund (TWCF) as required under Section 16-205 of the Environment Article. This fund is administered by the Maryland Department of the Environment (MDE) and supports acquisition and conservation of State wetlands. The director of the Wetlands Administration has indicated that its collection of fees typically generates approximately \$200,000 annually and anticipates additional annual collections due to the recent fee increase approved by BPW on January 5, 2005. **The Department of Legislative Services (DLS) recommends that BPW include as part of its annual MFR submission data on the amount of licensing revenues collected and deposited into the TWCF.**

The Wetlands Administration coordinates its licensing activities for MDE. Since MDE is the State entity responsible for the administration of the State's many environmental programs, it is unclear why the licensing activities of the Wetlands Administration are coordinated through and budgeted in BPW. **DLS recommends that a representative of the Wetlands Administration discuss why its activities should not be transferred to MDE.**

Governor's Proposed Budget

The fiscal 2006 allowance for BPW is \$9.7 million and is comprised of \$7.9 million in general funds and \$1.8 million in special funds. Overall, BPW's proposed fiscal 2006 budget increases by \$3.9 million, or 67.1% above the fiscal 2005 working appropriation. **Exhibit 3**, which lists the changes in the board's budget, shows that there are essentially two very distinct types of appropriations in the board's budget: funds to support the operations of the agency, including the Wetlands Administration, and funds budgeted as pass-through or targeted grants. It is the funds budgeted for pass-through grants that provide the explanation for virtually all of the increases in the board's budget.

Agency Operations

The operations of BPW are budgeted in two programs: the Administration Office and the Wetlands Administration. Funds budgeted for the operation of the board's administrative functions total \$792,948, or just 8.2% of the board's entire fiscal 2006 allowance and only \$12,914, or 0.33% of the budgeted increase. Funds budgeted to support nine professional and administrative positions account for \$687,444, or 86.7% of agency operations expenditures. Since personnel expenditures, primarily attributable to the general 2% cost-of-living increase and increments, account for \$17,000 of the budgeted increase, the board's non-personnel-related agency operations expenditures actually decline by approximately \$4,000 in the fiscal 2006 allowance.

Exhibit 3
Governor's Proposed Budget
Board of Public Works
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Total
2005 Working Appropriation	\$3,987	\$1,804	\$5,790
2006 Governor's Allowance	7,879	1,804	9,683
Contingent & Back of Bill Reductions	<u>-5</u>	<u>0</u>	<u>-5</u>
Adjusted Allowance	\$7,874	\$1,804	\$9,677
Amount Change	\$3,887	\$0	\$3,887
Percent Change	97.5%		67.1%
 Where It Goes:			
Personnel Expenses			
Increments and other compensation			\$14
Employee and retiree health insurance			-2
Retirement contribution cost increase			5
Turnover adjustments			0
Non-personnel Agency Operations			
Contractual payments: court reporting, training, printing, and management studies...			3
Reduced communications costs.....			-7
Pass-through Grant Items			
Grant to support the Maryland Zoo at Baltimore, formerly budgeted with the Maryland State Department of Education			2,860
Proposed increase in grant to the Baltimore City State's Attorney			250
New grant to Creative Alliance, Inc. to support its neighborhood programs			300
New grant to the Maryland Commission for Women to support the Maryland Women's Heritage Center.....			250
Judgments against the State.....			210
Increase of grant to the Council on State Government.....			4
Total			\$3,887

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

Pass-through Accounts

BPW’s 2006 budget contains funds for interagency transfers from the State Contingent Fund and funds for grants to private nonprofit groups. The allowance for the State Contingent Fund is \$750,000 in general funds, which is the same amount budgeted for fiscal 2005. **Exhibit 4** shows the proposed list of grants included in the board’s fiscal 2006 allowance.

Exhibit 4
Grants to Private Nonprofit Groups
Fiscal 2004 – 2006

	Fiscal 2005	Fiscal 2006	
	<u>Estimated</u>	<u>Allowance</u>	<u>Change</u>
General Fund			
Council of State Governments	\$116,835	\$120,924	\$4,089
Maryland Wing Civil Air Patrol	38,700	38,700	0
Historic Annapolis Foundation	476,000	476,000	0
Maryland Commission on Women	0	250,000	250,000
Creative Alliance	0	300,000	300,000
Maryland Zoo in Baltimore*	0	2,860,000	2,860,000
Baltimore City State's Attorney	1,735,000	1,985,000	250,000
Total General Fund Grants	\$2,366,535	\$6,030,624	\$3,664,089
Special Fund			
Fire Truck Loan Repayment Fund	\$125,000	\$125,000	\$0
MSFA Administrative Expenses	150,000	150,000	0
Firefighters' Widows and Orphans	125,000	125,000	0
Emergency Assistance Trust Fund	403,744	403,744	0
Volunteer Company Assistance	1,000,000	1,000,000	0
Total Special Funds	\$1,803,744	\$1,803,744	\$0
Grand Total	\$4,170,279	\$7,834,368	\$3,664,089

MSFA = Maryland State Firemen’s Association

UMB = University of Maryland, Baltimore

Note: * Formerly budgeted in the Maryland State Department of Education. \$2,860,000 was budgeted in fiscal 2005.

Source: State Budget Books

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These grants total \$7,834,368 and comprise \$3,664,089, or 94.1% of the total increase to the board's budget. Each of these grants is discussed in more detail below:

- **Council of State Governments:** A \$120,924 general fund grant to the Council of State Governments (CSG) provides the organization with an operating budget subsidy. CSG uses these funds to provide support services for legislative priorities established by legislative leaders and executives through the Southern Office of the Council of State Governments, the Southern Legislative Conference, and the Southern Governors' Association. This operating subsidy grant has become an annual fixture in the State budget. The amount budgeted represents a \$4,089 increase over what was budgeted in fiscal 2004 and 2005 and reflects adjustments in CSG's annual membership fees requested from participating states.
- **Maryland Wing of the Civil Air Patrol:** The allowance provides a \$38,700 general fund grant to the Maryland Wing of the Civil Air Patrol (CAP) and is the same amount provided in fiscal 2004 and 2005. CAP is based out of Lee Airport in Edgewater and provides nonmission-specific safety patrols over the Chesapeake Bay from late May to mid-September to assist people in distress. While DLS takes no issue with the inclusion of this grant in the State budget, the department believes a more appropriate place to budget these funds is with the Military Department's Maryland Emergency Management Agency (MEMA). **Accordingly, DLS recommends budget language that restricts the expenditure of the grant funds provided to CAP until the Department of Budget and Management (DBM) has transferred the funds to MEMA.**
- **Historic Annapolis Foundation:** The fiscal 2006 allowance provides a \$476,000 general fund grant to the Historic Annapolis Foundation (HAF). This organization leases 11 State-owned properties located in Annapolis and is contractually obligated to operate and maintain these buildings. The most recent master lease between the Department of General Services and Historic Annapolis, Inc. was approved by BPW on March 7, 2001, for a duration of 30 years at an annual rent of one dollar (\$1). HAF operates five museums and provides educational guided tours of the buildings and grounds. While not specified in the master lease agreement, historically, the State grant has subsidized approximately 25% of HAF annual operating costs.
- **Maryland Commission for Women:** New to the State's budget is a proposed \$250,000 grant to the Maryland Commission for Women (MCW). These funds are intended to support the commission's operation of the Maryland Women's Heritage Center. The center will provide space to preserve and showcase artifacts and information that teach about the achievements of Maryland women. The center will also serve as an educational facility that will be used by students, families, community members, tourists, and researchers. There exists no statutory or contractual obligation on the part of the State to provide an annual subsidy to MCW. Moreover, there is no indication as to whether this new grant is of a one-time nature or not. **DLS recommends deleting these funds from the budget. Grants to many organizations have been reduced and eliminated from the budget over the past several fiscal years, and new grants to the budget should be deferred until such time that the State resolves its structural deficit situation.**

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- **Creative Alliance Inc.:** A proposed \$300,000 grant to Creative Alliance, Inc. (CAI) is also new to the State's budget. These funds are intended to provide CAI with an operating subsidy to support the alliance's neighborhood and community revitalization efforts. There exists no statutory or contractual obligation on the part of the State to provide an annual subsidy to CAI. Moreover, there is no indication as to whether this new grant is of a one-time nature or not. **DLS recommends deleting these funds from the budget. Grants to many organizations have been reduced and eliminated from the budget over the past several fiscal years and new grants to the budget should be deferred until such time that the State resolves its structural deficit situation.**
- **Maryland Zoo in Baltimore:** A lease agreement between the State and the Maryland Zoological Society provides for a grant to support the general operations at the Maryland Zoo in Baltimore. This annual grant was formerly budgeted in the Maryland State Department of Education's (MSDE) budget but was transferred to the BPW's budget by Chapter 96, Acts of 2004. This transfer was made in order to protect the funding from general reductions to MSDE's funding of educational organizations which received several across-the-board reductions in the past several budgets. The fiscal 2006 allowance includes \$2,860,000 in general funds for this grant.
- **Maryland State Fireman's Association Grants:** Several grants to the Maryland State Firemen's Association (MSFA) are included in the fiscal 2006 allowance to BPW. Special funds from the Emergency Assistance Trust Account of the Volunteer Company Assistance Fund (VCAF) provides the MSFA with a \$125,000 grant to fund the associations Widows and Orphans Program; a \$150,000 grant to assist the associations with operating expenditures; and \$125,000 to fund grants and loans to assist volunteer fire companies throughout the State with the purchase of fire trucks and other equipment through the VCAF. The allowance also provides \$403,744 in special funds from the Maryland Emergency Medical System Operations Fund (MEMSOF) to support VCAF grants by MSFA. An additional \$1.0 million in special funds reflects the second and five scheduled annual repayments to MEMSOF required by 2003 Budget Reconciliation and Financing Act (Chapter 203, Acts of 2003). The payments results from a \$5 million grant to the MSFA's Low Interest Revolving Loan Account to capitalize this fund and enable MSFA to make larger loans to volunteer fire companies is budgeted as a means of reflecting the annual repayment grants administered by MSFA to fund the purchase of equipment. DLS believes a more appropriate place to budget these funds is with the Office of the State Fire Marshal through the Department of State Police operating budget. **Accordingly, DLS recommends budget language that restricts the expenditure the of grant funds provided to the MSFA until DBM has transferred the funds to the Office of the State Fire Marshal.**
- **Baltimore City State's Attorney's Office:** The fiscal 2006 allowance includes a \$1,985,000 general fund grant to the Baltimore City State's Attorney's Office (BCSAO) to assist the office in prosecuting violent gun crimes and homicides in connection with the office's Comprehensive Firearms Prosecution Program. The amount budgeted for fiscal 2006 is \$250,000 more than what is provided in the fiscal 2005 budget. **DLS recommends level funding this grant for fiscal 2006.** Issues pertaining to annual reporting requirement required by budget language included in the previous State budget are further discussed in the Issues section of this analysis.

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The fiscal 2006 allowance to BPW also includes \$300,000 in general funds to provide annual payments of civil judgments against the State. Section 10-501 of the State Finance and Procurement Article provides that BPW may grant compensation to an individual erroneously convicted, sentenced, and confined under State law for a crime the individual did not commit. **Exhibit 5** provides the scheduled payments for the two judgments on record and being funded. The \$210,000 budgeted in fiscal 2006 reflects the addition of the Michael Austin settlement.

Exhibit 5
Scheduled Payments for Webster and Austin Settlements

Fiscal Year	Yearly Payment Bernard Webster Settlement	Yearly Payment Michael Austin Settlement	Total Payment
2003	\$45,000	\$0	\$45,000
2004	90,000	0	90,000
2005	90,000	210,000	300,000
2006	90,000	210,000	300,000
2007	90,000	123,125	213,125
2008	90,000	123,125	213,125
2009	90,000	123,125	213,125
2010	90,000	123,125	213,125
2011	90,000	123,125	213,125
2012	90,000	123,125	213,125
2013	45,000	123,125	168,125
2014	0	123,125	123,125
Total	\$900,000	\$1,405,000	\$2,305,000

Source: Department of Budget and Management

Impact of Strategic Budget Reductions

Appendix 5 summarizes the budget actions resulting from the Administration's strategic budget initiative. Since the board is a small agency employing only nine personnel, DBM did not ask BPW to participate in the exercise. Nonetheless, funds budgeted for the board's non-personnel-related operating expenses decreases in the fiscal 2006 allowance.

Issues

1. Baltimore City State’s Attorney’s Office Grant

Beginning in fiscal 2001, the State budget has included a grant to BCSAO to help fund the office’s prosecution of gun offenses and repeat violent offenders. The amount provided included \$1.34 million in fiscal 2001, \$1.22 million in fiscal 2002, \$1.0 million in fiscal 2003 and 2004, and \$1.74 million in fiscal 2005. To enhance legislative oversight of this funding, the General Assembly included budget language in the fiscal 2004 and 2005 budget bills that required BCSAO to submit reports to the budget committees that provide statistical information concerning the office’s prosecution efforts. Language included in the fiscal 2005 budget requires quarterly reports that include information on individuals:

- arrested and indicted for firearm offenses under the Firearm Investigation Violence Prevention Program (F.I.V.E);
- designated as repeat violent offenders under the War Room Program; and
- referred for federal prosecution under Project Exile.

Since compliance with the reporting requirement has been an issue, the language added in fiscal 2005 provides that the grant funds be released in quarterly installments after receipt of the reports by the budget committees. Thus far, BCSAO has submitted the first two quarterly reports required under the fiscal 2005 budget language. However, DLS reminds BCSAO that in order for any restricted appropriations to be released by the General Assembly, the submitting entity must provide DLS with 20 hard copies and an electronic copy of all material to be distributed to the budget committees. BCSAO has yet to comply with this directive.

DLS has reviewed the two quarterly reports and finds that they satisfactorily address the requirements outlined in the budget language. However, DLS believes it would be helpful if the quarterly reports provided an executive summary of the quarterly and cumulative statistical prosecution data.

Accordingly, DLS recommends budget language tying the disbursement of the grant funds to the submission of quarterly reports that provide statistical data on the number of prosecutions and prosecutorial outcomes of the activities of the War Room Program, F.I.V.E., and Project Exile. This language is similar to that added by the General Assembly in the 2005 budget but also adds a requirement that each quarterly report include statistical summary data.

DLS also recommends that this grant would more appropriately be budgeted through the Governor’s Office of Crime Control and Prevention (GOCCP) where other State grants to support local law enforcement efforts are budgeted. Budget language is recommended requiring DBM to transfer these funds to GOCCP prior to their expenditure.

2. Interagency Agreements Need Further Scrutiny

Last year, several events occurred which raised concerns about the use of interagency procurement agreements between State agencies. First, an audit of the Department of Public Safety and Correctional Services (DPSCS) revealed that the department was doing a significant amount of contracting through the University System of Maryland (USM) for various procurements. The auditors found in one instance that DPSCS had directed USM specifically who to hire, thus circumventing State procurement law concerning competitive bid requirements. The auditors also found that DPSCS could not document the number and dollar amount of contracts they had with USM. Second, DLS had requested of USM a list of contracts that State agencies had with the system. The list was extensive, and it appeared that many agencies were using USM to either circumvent procurement law or the State's hiring freeze.

Two actions were taken by the General Assembly during the 2004 session. First, fiscal 2005 budget bill language was amended to stipulate that any agreements between State agencies and higher education institutions or between two or more State agencies, with expenditures over \$100,000, must be published in the *Maryland Contract Weekly* and reported to the budget committees, DLS, and BPW, and include information concerning any positions created. Budget bill language also prohibits DPSCS from entering into any interagency agreement unless competitive bids are solicited, and the agreement is approved by the BPW. Copies are to be forwarded by DPSCS to DLS and the budget committees. Second, an uncodified section of the 2004 BRFA, Section 26, requires each agency to submit to DLS and BPW by October 1, 2004, 2005, and 2006, any agreement over \$100,000 between an agency and higher education institutions or between two or more State agencies, including positions created.

BPW issued advisories on July 16 and September 1, 2004, reminding State agencies of the reporting requirements. During the 2004 interim, DLS received information from 13 agencies including USM. Attempts to reconcile the information provided by USM with what was reported by the other agencies proved impossible as virtually none of the information could be matched. Essentially, DLS found that there is a huge disconnect between what USM reports and what other agencies report. Other issues include:

- Reconciling between what USM thinks they have contracts for and what other agencies think they have contracts for is impossible. USM apparently carried forward every contract they had listed for the prior year regardless of whether the agency actually renewed a contract. The dollar amounts do not match up, and there is no identification number for what was reported to aid in matching things up. It is not clear how multi-year contracts are reported.
- A number of contracts appear to have no personnel involved. Presumably, these are for equipment, which raises the question as to what specialized service higher education is providing other than to circumvent procurement law.
- It is not clear how much indirect cost recovery higher education charges, but clearly any contract directly let by an Executive Branch agency would avoid these extra costs.

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- In the 2004 session, public safety was using USM for most of its information technology (IT) staff. DPSCS' claim was that IT salaries are insufficient – which raises an IT salary issue – but also it appeared to be a way to circumvent the hiring freeze.

While there may be instances where it is appropriate to use higher education for interagency agreements, it is something that the budget committees may wish to look at more closely. Unfortunately, the data provided to DLS in the many disparate reports received by State agencies, as required by Section 26 of the 2004 BRFA, does not provide useful data. **Accordingly, DLS recommends amending Section 26 of the 2004 BRFA to require the following:**

- **DBM shall coordinate and collect all the documentation pertaining to interagency agreements, required under Section 26, and provide a single comprehensive report that itemizes each agreement; and**
- **Before DBM submits its report, it should verify the information provided by USM and other State agencies. DBM should also establish a single identification number for each agreement so that the information can be cross-referenced and matched with what each agency is submitting.**

DLS' proposed modifications to Section 26 of the 2004 BRFA will be incorporated as recommendations for modifications to 2005 budget reconciliation legislation and presented to the budget committees during the bill hearing.

Recommended Actions

	<u>Amount</u>	
	<u>Reduction</u>	
1. Delete the general fund grant to the Maryland Commission for Women. New general fund grants should be discouraged until such time that the State resolves the structural deficit in the budget.	\$ 250,000	GF
2. Delete the general fund grant to Creative Alliance, Inc. New general fund grants should be discouraged until the State resolves the structural deficit in the budget.	300,000	GF
3. Amend the following language:		
Maryland State Firemen’s Association.....	1,803,744	
Council of State Governments.....	120,924	
Maryland Wing Civil Air Patrol.....	38,700	
Historic Annapolis Foundation (Paca House)	476,000	
Maryland Women’s Heritage Museum	250,000	<u>0</u>
Maryland Zoo in Baltimore	2,860,000	
Creative Alliance	300,000	<u>0</u>

Explanation: This is a technical amendment that reflects the deletion of general fund grant funds to the Maryland Women’s Heritage Museum and Creative Alliance.

4. Add the following language:
- . provided that this appropriation for a grant to the Baltimore City State’s Attorney’s Office (BCSAO) may not be expended until BCSAO submits quarterly reports to the budget committees. These reports shall list the individuals arrested and indicted for the prosecution of firearms offenses under the Firearm Investigation Violence Prevention Program or charged as repeat violent offenders under the War Room Program. The reports shall include the total number of open cases and the disposition of closed cases. If the case nolle prosequi, steted postponed, or deviated from the sentencing guidelines, the report shall include a brief explanation. The reports shall include all cases referred to the U.S. Attorney’s Office for prosecution in federal courts under Project Exile. In those instances where the identity of the accused needs to be treated as confidential, a case number may be used to identify the accused as necessary. If information is provided by another agency, BCSAO shall indicate that the information is provided courtesy of the additional agency. Each report shall include

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an executive summary section that provides summary statistical data of the prosecutorial activities and outcomes supported by the State grant funds. The executive summary section shall include quarterly data and annual cumulative data. These grant funds may only be released in equal quarterly disbursements after September 30, December 31, March 31, and June 30, provided that the report for the proceeding quarter has been submitted.

Explanation: This language requires the Baltimore City State’s Attorney’s Office to provide the budget committees with quarterly reports that provide statistical data regarding the office’s prosecution activities supported by the State grant. The language further requires that the grant funds be disbursed in equal quarterly installments after submission of the required reports.

Information Request	Author	Due Date
Prosecution Activities Report	Baltimore City State’s Attorney’s Office	September 30 December 31 March 31 June 30

Amount Reduction

5. Reduce the general fund grant to the Baltimore City State's Attorney's Office (BCSAO). This reduction would still provide \$1,735,000 for fiscal 2006 to support BCSAO’s prosecution of gun offenses and violent offenders, which is the same amount funded for fiscal 2005, and \$735,000 more than was provided by the State in fiscal 2003 and 2004. 250,000 GF
6. Add the following language:

. provided that this appropriation made for the purpose of providing a State grant to the Baltimore City State’s Attorney’s Office to assist with the prosecution of gun crimes and violent offenders is restricted from expenditure until such time that the Department of Budget and Management has processed a budget amendment transferring these funds to the Governor’s Office of Crime Control and Prevention listed under budget code D15A05.16 Law Enforcement Grants.

Explanation: This language restricts from expenditure the grant appropriation provided to the Baltimore City State’s Attorney’s Office until the Department of Budget and Management has transferred the funds to the Governor’s Office of Crime Control and Prevention.

D05E01 – Board of Public Works

7. Add the following language:

. provided that \$1,803,744 of this appropriation comprised of special funds and made for the purpose of providing grant funds to the Maryland State Firemen’s Association is restricted from expenditure until such time that the Department of Budget and Management (DBM) has transferred these funds to the Department of State Police Office of the State Fire Marshal located under budget code W00A02.01.

Further provided that \$38,700 of this appropriation comprised of general funds and made for the purpose of providing a grant to the Maryland Wing Civil Air Patrol is restricted from expenditure until such time that DBM has transferred these funds to the Maryland Emergency Management Agency located under budget code D50H01.06.

Explanation: This language restricts grant funds for the Maryland State Firemen’s Association and the Maryland Wing Civil Air Patrol until they are transferred to the appropriate budgeting agency.

Total General Fund Reductions

\$ 800,000

Updates

1. Contingency Fund Payments

Article III, Section 32 of the State Constitution, provides for a State contingent fund that BPW may allocate to supplement agencies' annual appropriations when, during the fiscal year the appropriations are insufficient for the agencies' salaries and operating expenses. Of the \$750,000 general fund appropriation for fiscal 2004, a total of \$86,175 was expended with the remaining \$663,825 reverted to the State general fund. The individual fiscal 2004 transactions are listed below:

- \$56,900 was transferred by budget amendment to the Office for Individuals with Disabilities, now known as the Department of Disabilities, for the purpose of funding two contractual positions.
- \$20,000 was transferred to the Interagency Committee for School Construction to fund increased personnel expenses.
- \$8,700 was transferred by budget amendment to the Maryland Tax Court to fund an unanticipated annual leave payout for an employee retiring from State service and unanticipated health insurance costs.
- \$575 was used to provide reimbursement of attorney's fees and costs incurred by the Office of the State's Attorney for Baltimore City in the defense against allegations of misconduct in a complaint made to the Attorney Grievance Commission.

2. Volunteer Firemen's Grant

The Budget Reconciliation and Financing Act of 2004 (Chapter 430, Acts of 2004) made changes to the structure of the various MSFA-administered grant and loan programs that assist local volunteer fire companies purchase equipment. The most important of these changes was to merge the Emergency Assistance Trust Account and the Low Interest Revolving Loan Account under one program: the Volunteer Company Assistance Fund. Legislation introduced in the 2005 session, Senate Bill 228, seeks to clarify the changes made in last year's BRFA. These changes include:

- clarification that grants require a 30% match and loans may be made for up to 75% of the total cost of the equipment being purchased;
- grant and loan recommendations to BPW will come from MSFA rather than DBM; and
- improved oversight through the submission of annual reports covering MSFA's grant and loan activities and a provision that allows legislative auditors and the Comptroller's office to review the financial affairs of the association.

Current and Prior Year Budgets

Current and Prior Year Budgets Board of Public Works (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2004					
Legislative Appropriation	\$6,000	\$1,125	\$0	\$0	\$7,125
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	-2,232	5,404	0	0	3,172
Cost Containment	-43	0	0	0	-43
Reversions and Cancellations	-715	0	0	0	-715
Actual Expenditures	\$3,010	\$6,529	\$0	\$0	\$9,539
Fiscal 2005					
Legislative Appropriation	\$3,979	\$1,804	\$0	\$0	\$5,783
Budget Amendments	8	0	0	0	8
Working Appropriation	\$3,987	\$1,804	\$0	\$0	\$5,791

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

Fiscal 2004

Significant adjustments to the Board of Public Works' fiscal 2004 budget included:

- \$2.0 million general fund operating grant to the Maryland Technology Development Corporation (TEDCO) budgeted with BPW was transferred to a separate operating budget account established for TEDCO.
- \$146,392 in general funds budgeted for the Maryland Agricultural Education and Rural Development Assistance fund were transferred to the Maryland Department of Agriculture.
- Fiscal 2004 closeout reflects \$43,372 in general fund cost containment reductions.
- Contingent fund transfers and expenses total \$86,175 with the balance of the fiscal 2004 \$750,000 general fund appropriation reverted to the general fund at closeout.
- Special funds transferred from the MEMSOF totaled \$5,403,744 and were required by Section 13 of the 2003 BRFA (Chapter 203, Acts of 2003). More specifically, \$5.0 million was transferred to the Low Interest Revolving Loan Account administered by the Maryland State Firemen's Association to capitalize this revolving loan account, and \$403,744 was transferred to the Emergency Assistance Trust Account to supplant general funds that were eliminated from the budget by the General Assembly.

**Object/Fund Difference Report
Board of Public Works**

<u>Object/Fund</u>	<u>FY04 Actual</u>	<u>FY05 Working Appropriation</u>	<u>FY06 Allowance</u>	<u>FY05 - FY06 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	9.00	9.00	9.00	0	0%
Total Positions	9.00	9.00	9.00	0	0%
Objects					
01 Salaries and Wages	\$ 650,439	\$ 670,589	\$ 692,844	\$ 22,255	3.3%
02 Technical & Spec Fees	17,253	19,500	21,500	2,000	10.3%
03 Communication	3,224	10,927	3,900	-7,027	-64.3%
04 Travel	2,078	5,298	5,350	52	1.0%
08 Contractual Services	50,397	55,184	56,754	1,570	2.8%
09 Supplies & Materials	9,747	11,150	10,750	-400	-3.6%
10 Equip - Replacement	12,909	3,500	2,700	-800	-22.9%
11 Equip - Additional	701	0	0	0	0.0%
12 Grants,Subsidies,Contr	8,788,130	5,010,279	8,884,368	3,874,089	77.3%
13 Fixed Charges	3,122	3,886	4,050	164	4.2%
14 Land & Structures	520	0	500	500	N/A
Total Objects	\$ 9,538,520	\$ 5,790,313	\$ 9,682,716	\$ 3,892,403	67.2%
Funds					
01 General Fund	\$ 3,009,776	\$ 3,986,569	\$ 7,878,972	\$ 3,892,403	97.6%
03 Special Fund	6,528,744	1,803,744	1,803,744	0	0%
Total Funds	\$ 9,538,520	\$ 5,790,313	\$ 9,682,716	\$ 3,892,403	67.2%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal Summary
Board of Public Works**

<u>Program/Unit</u>	<u>FY04 Actual</u>	<u>FY05 Wrk Approp</u>	<u>FY06 Allowance</u>	<u>Change</u>	<u>FY05 - FY06 % Change</u>
01 Administration Office	\$ 604,432	\$ 639,462	\$ 643,881	\$ 4,419	0.7%
02 Contingent Fund	575	750,000	750,000	0	0%
05 Wetlands Administration	145,958	140,572	154,467	13,895	9.9%
10 Miscellaneous Grants to Private Nonprofit Groups	7,697,555	2,435,279	5,849,368	3,414,089	140.2%
11 Miscellaneous Grants to Local Governments	1,000,000	1,735,000	1,985,000	250,000	14.4%
15 Payments of Judgments Against the State	90,000	90,000	300,000	210,000	233.3%
Total Expenditures	\$ 9,538,520	\$ 5,790,313	\$ 9,682,716	\$ 3,892,403	67.2%
General Fund	\$ 3,009,776	\$ 3,986,569	\$ 7,878,972	\$ 3,892,403	97.6%
Special Fund	6,528,744	1,803,744	1,803,744	0	0%
Total Appropriations	\$ 9,538,520	\$ 5,790,313	\$ 9,682,716	\$ 3,892,403	67.2%

Note: The fiscal 2005 appropriation does not include deficiencies, and the fiscal 2006 allowance does not reflect contingent reductions.

**Fiscal 2006 Cost Containment Actions
As Submitted by the Agency
Estimated Fiscal 2006 Savings
Compared to Fiscal 2005**

<u>Cost Saving Action/Efficiency Measure</u>	<u>Program Code</u>	<u>Total Funds</u>	<u>General Funds</u>	<u>Special Funds</u>	<u>Positions Reduced</u>	<u>Impact of Action</u>
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n/a

Note: The Board of Public Works was not asked to participate.