

**D10A01
Governor
Executive Department**

Operating Budget Data

(\$ in Thousands)

	<u>FY 08 Actual</u>	<u>FY 09 Working</u>	<u>FY 10 Allowance</u>	<u>FY 09-10 Change</u>	<u>% Change Prior Year</u>
General Fund	\$9,229	\$9,582	\$10,015	\$433	4.5%
Contingent & Back of Bill Reductions	0	0	-113	-113	
Adjusted General Fund	\$9,229	\$9,582	\$9,902	\$320	3.3%
Adjusted Grand Total	\$9,229	\$9,582	\$9,902	\$320	3.3%

- The fiscal 2010 allowance increases by \$320,563, or 3.3%, when funds are adjusted for contingent and across-the-board reductions.
- The underlying increase in the budget is largely attributed to personnel and contractual service expenditures.

Personnel Data

	<u>FY 08 Actual</u>	<u>FY 09 Working</u>	<u>FY 10 Allowance</u>	<u>FY 09-10 Change</u>
Regular Positions	80.00	85.50	88.50	3.00
Contractual FTEs	<u>1.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	81.50	85.50	88.50	3.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	2.45	2.74%
Positions and Percentage Vacant as of 12/31/08	4.00	4.68%

- The allowance reflects the transfer to the office of four StateStat positions previously budgeted in several agencies.

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

For further information contact: Chantelle M. Green

Phone: (410) 946-5530

- Across-the-board reductions reduce the agency’s position complement by one for a net increase of three positions.
- As of December 31, 2008, the vacancy rate was 4.68%. One of these vacancies has subsequently been filled, thereby, reducing the vacancy rate to 3.51%.

Analysis in Brief

Issues

StateStat: StateStat is an administrative initiative, designed to be a management accountability process for Executive Branch agencies. Agencies are required to report regularly to StateStat regarding various inputs and performance trends such as overtime usage and departmental vacancies. Administration and department officials discuss the data and adopt strategies in response to data trends. According to the department, StateStat was created to instill a culture of accountability, transparency, and functionality throughout State government. Until recently, StateStat was overseen by the Chief and Deputy Chiefs of Staff. However, in October 2008, a Director of StateStat was hired to oversee the program. **The department should comment on the current status of the StateStat program, including the program’s accomplishments to date. The department should also comment on the impact that hiring a new Director of StateStat has had on the program’s effectiveness and the reallocation of senior staff resources.**

Recommended Actions

1. Concur with Governor’s allowance.

D10A01
Governor
Executive Department

Operating Budget Analysis

Program Description

As chief executive, the Governor exercises supervision over the agencies of the Executive Branch. Annually, the Governor presents to the legislature in the annual budget a work program and the financial requirements for the ensuing year and reports to the legislature on the condition of the State. Amendments to the enacted budget are approved by the Governor. In discharging the duties of the office, the Governor appoints officials and grants pardons and reprieves. The Governor represents the State in its relations with other jurisdictions and the public.

Performance Analysis: Managing for Results

The strategy of the Governor is contained in his legislative agenda, the budget message, and the operating and capital budgets. Traditional performance measurement data is not appropriate for this office because the performance of individual agencies measures the performance of the Administration.

Fiscal 2009 Actions

Impact of Cost Containment

Fiscal 2009 cost containment efforts resulted in general fund savings of approximately \$231,000. Cost savings were primarily achieved by across-the-board reductions in employee and retiree health insurance as well as Other Post Employment Benefits. Additional cost savings were achieved by increasing turnover expectancy and reducing various operating expenses within the department.

Proposed Budget

As shown in **Exhibit 1**, the fiscal 2010 allowance increases by \$320,563, or 3.3%, when funds are adjusted for contingent and across-the-board reductions. The increase is primarily attributed to a \$309,478 increase in personnel expenditures, mostly due to the transfer to the office of four StateStat positions previously budgeted in several agencies. Other significant increases include additional funding for telecommunications expenses paid to the Department of Budget and Management (\$20,000); increased printing, photocopying, and office supply expenses based on fiscal 2008 actual expenditures (\$40,000); and additional food expenditures for Government House functions (\$20,000).

Exhibit 1
Proposed Budget
Executive Department – Governor
(\$ in Thousands)

How Much It Grows:	General Fund	Total
2009 Working Appropriation	\$9,582	\$9,582
2010 Allowance	<u>10,015</u>	<u>10,015</u>
Amount Change	\$433	\$433
Percent Change	4.5%	4.5%
Contingent Reductions	-\$113	-\$113
Adjusted Change	\$320	\$320
Adjusted Percent Change	3.3%	3.3%

Where It Goes:

Personnel Expenses

Four StateStat positions transferred to the department	\$309
Across-the-board position reduction.....	-64
Employee and retiree health insurance pay-as-you-go costs	227
Reduction of Other Post Employment Benefits' unfunded liability	-22
Deferred compensation (after reducing fiscal 2010 for contingent reductions)	-28
Employees' retirement.....	55
Turnover adjustments	72
Other	-244

Other Changes

Across-the-board reduction in contractual services (Section 24)	-21
Increased telecommunications expenses paid to the Department of Budget and Management	25
Increased printing and photocopy expenses based on fiscal 2008 actual expenses.....	20
Increased food expenditures for functions held at the Government House	20
Increased office supplies based on fiscal 2008 actual expenses	20
Management and consulting services contracts.....	15
Increased rental payments for photocopiers	10
Decline in equipment expenditures	-28
Reduced travel	-14
Three new vehicles	-43
Other	11

Total **\$320**

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

D10A01 – Executive Department – Governor

Many of the other expenditures, including travel and equipment, are below fiscal 2008 actual expenditures.

Detailed Positions

For many years, it had been the practice of the Governor’s office to augment its regular staff with positions detailed from other agencies. However, this practice masked the true budgetary needs of the office, as detailed positions were funded through the budgets of the respective agencies and not through the Governor’s office. The fiscal 2010 allowance transfers the remaining positions that had been budgeted in other agencies.

Impact of Cost Containment

The fiscal 2010 budget bill includes a total of \$112,744 in contingent and across-the-board reductions for contractual services (\$20,969) and deferred compensation (\$27,783). The budget bill also abolishes a vacant position within the office, an estimated cost savings of \$63,992.

Issues

1. StateStat

StateStat is an administrative initiative, designed to be a management accountability process for Executive Branch agencies. Agencies are required to report regularly to StateStat administration regarding various inputs and performance trends such as overtime usage and departmental vacancies. Administration and department officials discuss the data and adopt strategies in response to data trends.

Background

StateStat is modeled on the CitiStat process in Baltimore City implemented in 2000 by then-Mayor Martin J. O'Malley. CitiStat, in turn, was modeled on CompStat, which was implemented by New York City Police Commissioner William Bratton to reduce crime.

The agencies that first participated in the pilot of StateStat are the departments of Public Safety and Correctional Services (DPSCS), Human Resources, and Juvenile Services (DJS). The program has since expanded to include other departments such as the departments of State Police (DSP); Transportation; Health and Mental Hygiene; General Services; Labor, Licensing, and Regulation; and Housing and Community Development. In addition to StateStat, by executive order in February 2007, the Governor created a BayStat program. While similar in nature to the StateStat program, BayStat is specifically designed to assess, coordinate, and target Maryland's Bay restoration programs. BayStat participants include the departments of Agriculture; Environment; Natural Resources; Planning; and the University of Maryland Center for Environmental Science.

As previously mentioned, the StateStat and BayStat programs are designed to be a management accountability process for Executive Branch agencies. The process relies on databases to track agency performance and redirect resources to areas in need. Agencies selected for participation must submit strategic plans and performance measurement reports to the Secretary of the Department of Budget and Management as part of their annual budget submissions. The StateStat strategic plan has to contain the information currently required in the Managing for Results strategic plan. Each agency selected to participate in StateStat must:

- adopt a strategic plan and establish goals for its operation;
- adopt a comprehensive set of performance and citizen satisfaction measurements;
- regularly and frequently:
 - submit timely and accurate data;
 - review and analyze the submitted data; and
 - attend accountability meetings to assess its performance;

- continuously review the strategies and tactics to meet the goals; and
- continuously assess the progress toward meeting the goals.

Accomplishments

According to the department, StateStat was created to instill a culture of accountability, transparency, and functionality throughout State government. The department reports that the program has yielded numerous accomplishments to date. According to the department, several of the program's accomplishments include the following:

- **Facility Closings:** Troubled by a long history of health and safety concerns, the department reports that the overall safety of Marylanders was improved by closing dangerous and antiquated facilities such as the House of Correction at Jessup and the Department of Health and Mental Hygiene's Rosewood facility. Although there are no projected cost savings due to the closure of the Rosewood facility, StateStat reports that DPSCS estimates that the closure of the House of Correction at Jessup resulted in an \$8 million cost savings to the State.
- **Increased Data Sharing:** According to the department, as a result of StateStat, public safety and law enforcement agencies (*e.g.*, DPSCS, DSP, and DJS) now share important information such as gang member data. As a result of data sharing efforts, StateStat reports an increased level of gang identification and intervention among public safety and law enforcement agencies. According to StateStat, DPSCS, DJS, and DSP recently developed uniform gang member validation and identification criterion for DPSCS and DJS.
- **Increased Level of Funding for Cover Crops:** BayStat tracks the proliferation, use, and funding of the cover crop program across the State. According to the department, cover crops are the most cost-effective and environmentally suitable way to control soil erosion and to reduce nutrient runoff into the Chesapeake Bay during the winter. As a result of the program, the amount of funding available to cover crop farmers in Maryland increased by approximately \$7.5 million, or 60%, in fiscal 2009 as compared to fiscal 2008.
- **Reduction in DNA Backlog:** The department reports that in January 2007, there were over 24,000 untested DNA samples of convicted offenders. In addition to these samples, StateStat estimates that there were over 15,000 untested parolee and probationer samples. The department reports that within one year, the entire backlog of DNA samples awaiting analysis was eradicated. Additionally, over 600 employees have been trained at DPSCS to collect DNA samples. As a result of these efforts, the number of offender profiles added to the State's CODIS database has increased by 467% in calendar 2008 as compared to calendar 2006.
- **Reduction in the Length of Stay at Juvenile Facilities:** With the assistance of DJS, StateStat reports that it was able to decrease the average length of stay at juvenile facilities pending placement by 8 days, or 19%, in fiscal 2008 as compared to fiscal 2006.

Recent Events

Until recently, the StateStat and BayStat programs were overseen by the Chief and Deputy Chiefs of Staff. In October 2008, a Director of StateStat was hired to oversee the program. According to the department, the director's core responsibilities include facilitating StateStat meetings, supervising StateStat analysts, tracking the progress of both StateStat and BayStat, reviewing agency templates to reflect ongoing progress and evolving priorities, providing direction to Cabinet Secretaries and agency staff on emerging issues, and briefing both the Governor and senior staff on StateStat's monitoring and analysis of agency data.

The department should comment on the current status of the BayStat and StateStat programs, including the programs' accomplishments and the lessons learned by the Administration as a result of these programs. The department should also comment on the impact that hiring a new Director of StateStat has had on the program's effectiveness and the reallocation of senior staff resources.

Recommended Actions

1. Concur with Governor's allowance.

Current and Prior Year Budgets

Current and Prior Year Budgets Executive Department – Governor (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2008					
Legislative Appropriation	\$9,274	\$0	\$0	\$86	\$9,360
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	144	0	0	0	144
Cost Containment	-100	0	0	0	-100
Reversions and Cancellations	-89	0	0	-86	-175
Actual Expenditures	\$9,229	\$0	\$0	\$0	\$9,229
Fiscal 2009					
Legislative Appropriation	\$9,666	\$0	\$0	\$0	\$9,666
Cost Containment	-231	0	0	0	-231
Budget Amendments	147	0	0	0	147
Working Appropriation	\$9,582	\$0	\$0	\$0	\$9,582

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

Fiscal 2008

In fiscal 2008, the total budget for the department decreased by approximately \$131,000. The general fund appropriation decreased by a net of \$45,000 due to the following: (1) a \$141,000 cost-of-living adjustment (COLA) that was centrally budgeted in the Department of Budget and Management; (2) a \$3,000 increase in telephone communications expenditures due to a realignment of statewide communications expenses; and (3) a \$100,000 reduction in salaries and wages due to cost containment actions taken by the Board of Public Works. Additionally, there was a general fund reversion of approximately \$89,000 due to employee vacancies.

The department also cancelled approximately \$86,000 in reimbursable funds. Due to a change in the office's staffing structure for homeland security, the department did not receive budgeted reimbursable funds from the Military Department. Under the prior Administration, the office received reimbursable funds from the Military Department for a homeland security position.

Fiscal 2009

In fiscal 2009, the total budget for the office decreased by approximately \$84,000. This decrease was the net result of a \$147,252 COLA and cost containment reductions totaling \$231,000. Cost savings were primarily achieved by across-the-board reductions in employee and retiree health insurance as well as Other Post Employment Benefits. Additional cost savings were achieved by increasing turnover expectancy and reducing various operating expenses within the department.

**Object/Fund Difference Report
Executive Department – Governor**

<u>Object/Fund</u>	<u>FY08 Actual</u>	<u>FY09 Working Appropriation</u>	<u>FY10 Allowance</u>	<u>FY09 - FY10 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	80.00	85.50	89.50	4.00	4.7%
02 Contractual	1.50	0	0	0	0.0%
Total Positions	81.50	85.50	89.50	4.00	4.7%
Objects					
01 Salaries and Wages	\$ 7,317,587	\$ 8,100,222	\$ 8,525,228	\$ 425,006	5.2%
02 Technical and Spec. Fees	96,560	15,000	15,000	0	0%
03 Communication	321,221	348,039	354,495	6,456	1.9%
04 Travel	119,116	107,000	93,000	-14,000	-13.1%
07 Motor Vehicles	176,650	49,138	15,664	-33,474	-68.1%
08 Contractual Services	517,603	240,127	320,631	80,504	33.5%
09 Supplies and Materials	206,608	204,000	216,000	12,000	5.9%
10 Equipment – Replacement	62,925	153,200	150,000	-3,200	-2.1%
11 Equipment – Additional	75,900	40,000	15,000	-25,000	-62.5%
13 Fixed Charges	334,431	325,341	310,356	-14,985	-4.6%
Total Objects	\$ 9,228,601	\$ 9,582,067	\$ 10,015,374	\$ 433,307	4.5%
Funds					
01 General Fund	\$ 9,228,601	\$ 9,582,067	\$ 10,015,374	\$ 433,307	4.5%
Total Funds	\$ 9,228,601	\$ 9,582,067	\$ 10,015,374	\$ 433,307	4.5%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.