

**F10A**  
**Department of Budget and Management – Secretary**

***Executive Summary***

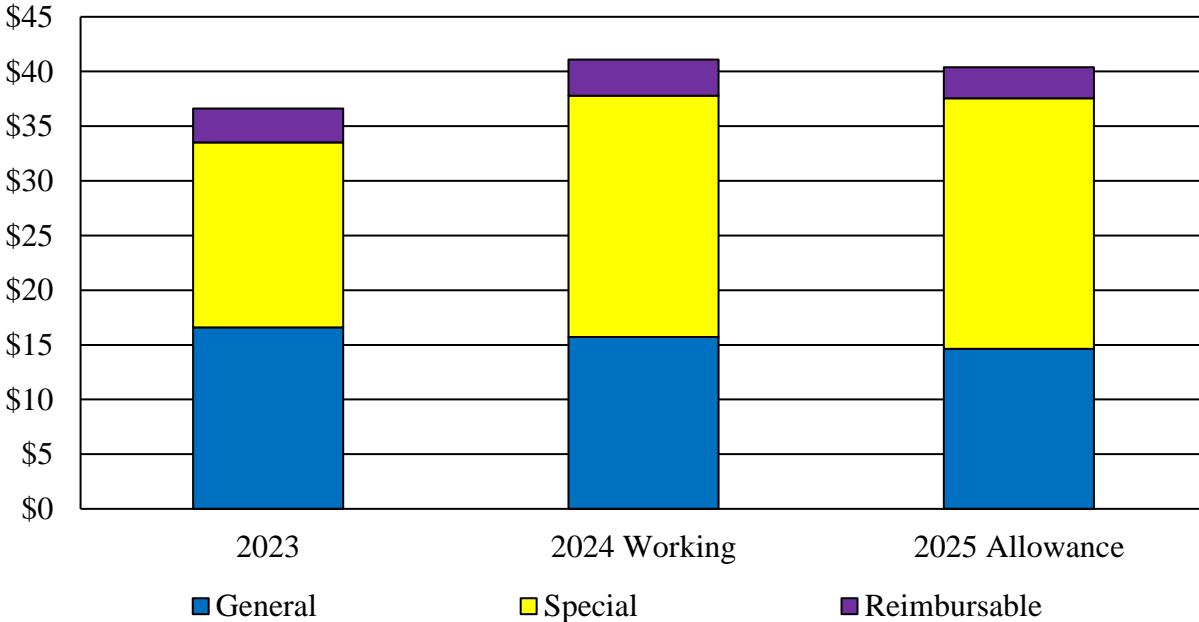
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The Department of Budget and Management (DBM) provides financial, administrative, and budgeting support to Executive Branch agencies and is responsible for assisting the Governor in the preparation and monitoring of the State’s annual operating and capital budgets. The Central Collection Unit (CCU), which collects delinquent debts, claims, and accounts due to the State government, is also located within the agency.

***Operating Budget Summary***

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**Fiscal 2025 Budget Decreases \$693,000, or 1.7%, to \$40.4 Million**  
(\$ in Millions)



Note: The fiscal 2024 working appropriation includes deficiencies. The fiscal 2024 impacts of statewide salary adjustments appear in the Statewide Account in the Department of Budget and Management (DBM), and adjustments are not reflected in this budget. The fiscal 2025 impacts of the fiscal 2024 statewide salary adjustments appear in this budget. The fiscal 2025 statewide salary adjustments are centrally budgeted in the Statewide Program in DBM and are not included in this budget. The fiscal 2025 allowance includes contingent reductions.

- The fiscal 2025 allowance for this agency is funded by approximately 57% in special funds from CCU, 36% in general funds, and 7% in reimbursable funds related to statewide shared services.

## ***Key Observations***

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- ***American Rescue Plan Act (ARPA) Funding Will Expire:*** Approximately \$557.7 million, or 18%, of the total allocated funding from Maryland’s State Fiscal Relief Fund grant award is left unspent as of the start of fiscal 2024. States are required by the grant conditions to encumber the funds by December 31, 2024, and expend them by December 31, 2026.
- ***Competitive Grant Application Oversight:*** The Administration provided the budget committees with required notice of intent to apply for only 2 of the 34 grant applications where a State match is required. The required State match for 18 awarded grants totaled \$553.3 million from July 1, 2023, to November 30, 2023. Additional oversight is required to ensure all eligible grants with a required State match are reviewed and submitted to the budget committees prior to application in adherence to fiscal 2024 Budget Bill language.
- ***Managing for Results (MFR) Measures Needed for Audit Unit:*** The expanded audit and finance compliance unit has reportedly been helpful in assisting State agencies, yet the budget committees lack a systematic way to measure the impact that the unit is having on audit and other financial issues including, but not limited to, repeat audit findings, federal audit compliance issues, fiscal crisis management, and other technical assistance.
- ***Zero-Emission Vehicle (ZEV) Purchases Declined:*** The State Vehicle Fleet Management division of DBM reported that State agencies purchased 14 ZEVs in fiscal 2023, an 84% decline from fiscal 2022 levels and a 65% decline from fiscal 2021 levels. Barriers to expansion include lack of charging infrastructure and lack of tailored specifications for agency activities among ZEV options.
- ***Cost Savings Seen from Information Technology (IT) Services:*** DBM changed vendors for several IT services and also adjusted the budget for other IT services based on more accurate expenditure estimates.

## **Operating Budget Recommended Actions**

1. Add language restricting funds pending a report on American Rescue Plan Act funding oversight.
2. Adopt narrative requesting the development of goals, objectives, and measures for the Audit and Financial Management Support Unit.
3. Strike contingent language eliminating the mandate to print budget books.
4. Adopt annual narrative requesting submission of budget details for contracts and grants.

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5. Amend Section 2 to limit appropriations that can be placed into contingency reserve to items restricted by the General Assembly.
6. Amend Section 17 to add tracking structure necessary for legislative audits and to disallow transfers to other purposes.
7. Add a section authorizing transfer from the Rainy Day Fund to cover anticipated entitlement shortfalls.
8. Add a section requiring long-term General Fund, Blueprint for Maryland’s Future Fund, and higher education Current Unrestricted Fund accounts.
9. Add a section applying across-the-board reductions to institutions of higher education.
10. Add a section requiring reporting on federal funds received by the State.
11. Add a section defining the use of federal funds in the budget.
12. Add a section requiring consistent presentation of budget data and organizational charts.
13. Add a section requiring reporting on interagency agreements and approval by the Department of Budget and Management.
14. Add a section defining the budget amendment process.
15. Add a section requiring the maintenance of accounting systems for certain programs.
16. Add a section requiring notification of competitive grant applications with a State commitment and quarterly reports summarizing competitive grant applications.

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***Operating Budget Analysis***

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**Program Description**

DBM is responsible for managing the expenditures of State resources. DBM’s programs are described in the following.

- **Executive Direction** manages the department. It includes executive staff, Attorneys General, and the Equal Opportunity Program. An audit unit focused on enhancing audit compliance and program management across State agencies was expanded in fiscal 2023.
- **Division of Finance and Administration** is responsible for accounting, budgeting, payroll, purchasing, fleet management, and travel administration.
- **CCU** collects delinquent debts, claims, and accounts due to the State government.
- **Office of Budget Analysis (OBA)** analyzes State agency programs, expenditures, revenues, and performance. The office recommends funding allocations and develops the operating budget within legal requirements and the Administration’s directions.
- **Office of Capital Budgeting (OCB)** develops an annual capital budget, prepares a five-year *Capital Improvement Program*, and reviews the master plans of State agencies.

DBM also has an Office of Personnel Services and Benefits (OPSB) that directs the State’s personnel policies and administers the health care benefits programs for State employees and retirees. This office’s budget and related issues are discussed in a separate analysis.

***Performance Analysis: Managing for Results***

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**1. CCU Revenues vs. Expenditures**

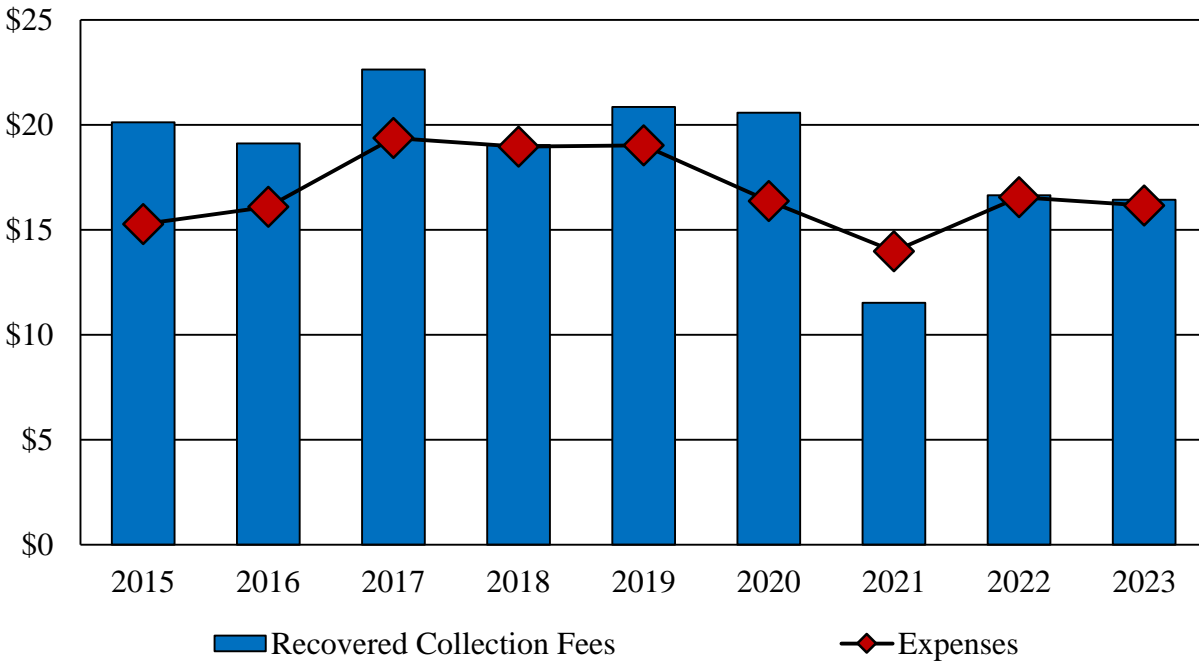
CCU is responsible for collecting delinquent debts, claims, and accounts owed to the State except for taxes, child support payments, and unemployment contributions and overpayments. Typical debts include:

- Motor Vehicle Administration fines;
- student tuition and fees; and
- restitution for damage to State property.

## Revenues from Administrative Fees Are 20% Lower Than Prepandemic Levels

CCU is authorized to charge a 17% administrative fee on the value of outstanding debts referred for collection. Administrative fees are held in the Central Collection Fund, a special fund that supports CCU operating expenses. **Exhibit 1** shows the revenue from administrative fees compared to CCU operating expenses. Each year, CCU made a net profit until fiscal 2021, when collections were down by approximately 44% compared to fiscal 2019 and 2020. In fiscal 2023, revenues were down by 20% compared to the five-year prepandemic average and reflected a 1.2% decrease from fiscal 2022 collections. Net profit was generated, but only \$273,000, which is 89% lower than the five-year prepandemic average.

**Exhibit 1**  
**Central Collection Unit Revenues versus Expenses**  
**Fiscal 2015-2023**  
**(\$ in Millions)**

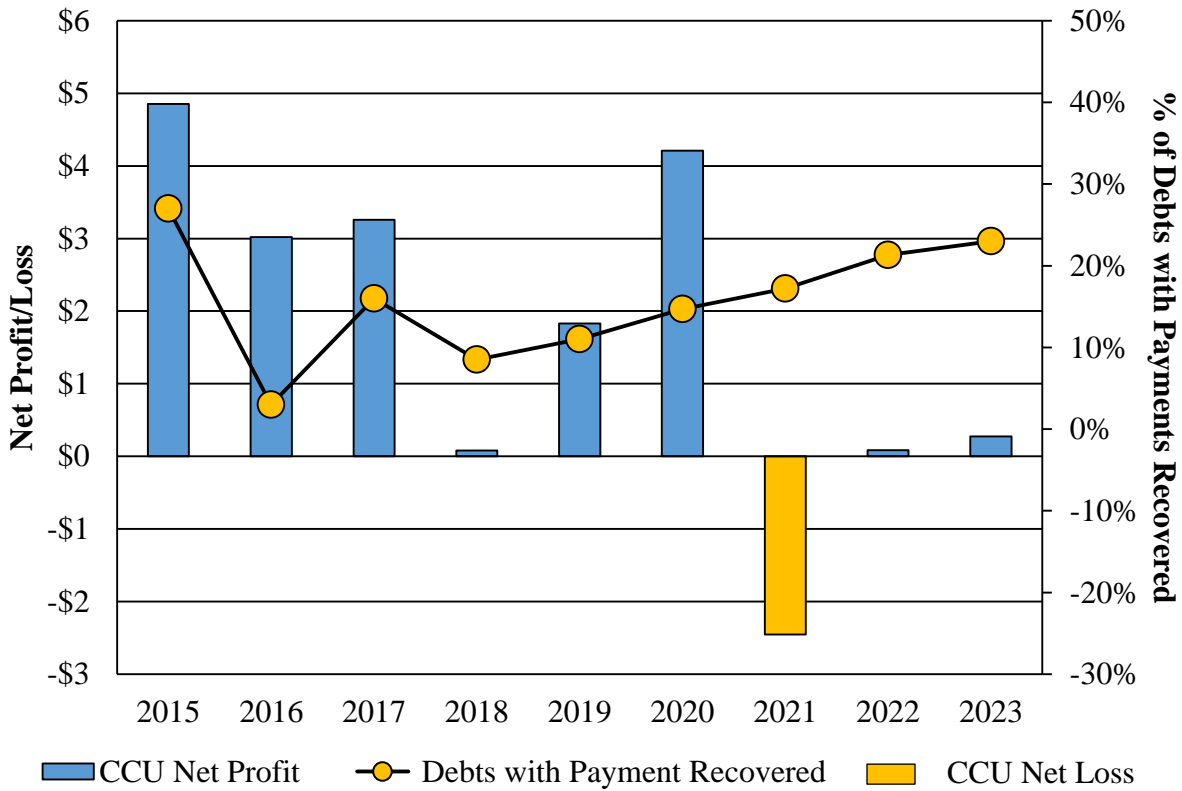


Note: Administrative fees charged on debts assigned to the Central Collection Unit (CCU) are held in the Central Collection Fund. At the end of each fiscal year, any balance in the Central Collection Fund above 15% of CCU's actual expenditures must be reverted to the General Fund.

Source: Governor's Fiscal 2025 Budget Books

**Exhibit 2** displays the annual net profit or loss against the percentage of debts successfully collected. When the Central Collection Fund balance is 15% above expenses, the excess profit is reverted to the General Fund at fiscal year close. Fiscal 2021 was the first year to require more funds than were generated during that fiscal year, despite collecting a higher share of debts assigned. The net loss of funds was temporary. Collections in fiscal 2022 and 2023 were in line with expenses.

**Exhibit 2**  
**Trends in CCU Collections and Central Collection Fund**  
**Fiscal 2014-2023**  
**(\$ in Millions)**



CCU: Central Collection Unit

Note: Administrative fees charged on debts assigned to CCU are held in the Central Collection Fund. At the end of each fiscal year, any balance in the Central Collection Fund above 15% of CCU’s actual expenditures must be reverted.

Source: Governor’s Fiscal 2025 Budget Books

CCU recovered payments on a larger share of debts in fiscal 2020 and 2021 than previous years despite several months without active collections due to COVID-19. This is mostly due to changes in EZPass debt collections. In fiscal 2020, the Maryland Transportation Authority (MDTA) temporarily ceased assigning EZPass debts to CCU as it continued efforts to modernize the toll system. Maryland tolls remained in effect during the pandemic, but MDTA paused processing of certain transactions and deferred billing for these items in response to customers and businesses who had significant financial strains from nationwide shutdowns and layoffs. As a result, there were fewer total debts to collect, driving up the share of debts successfully collected.

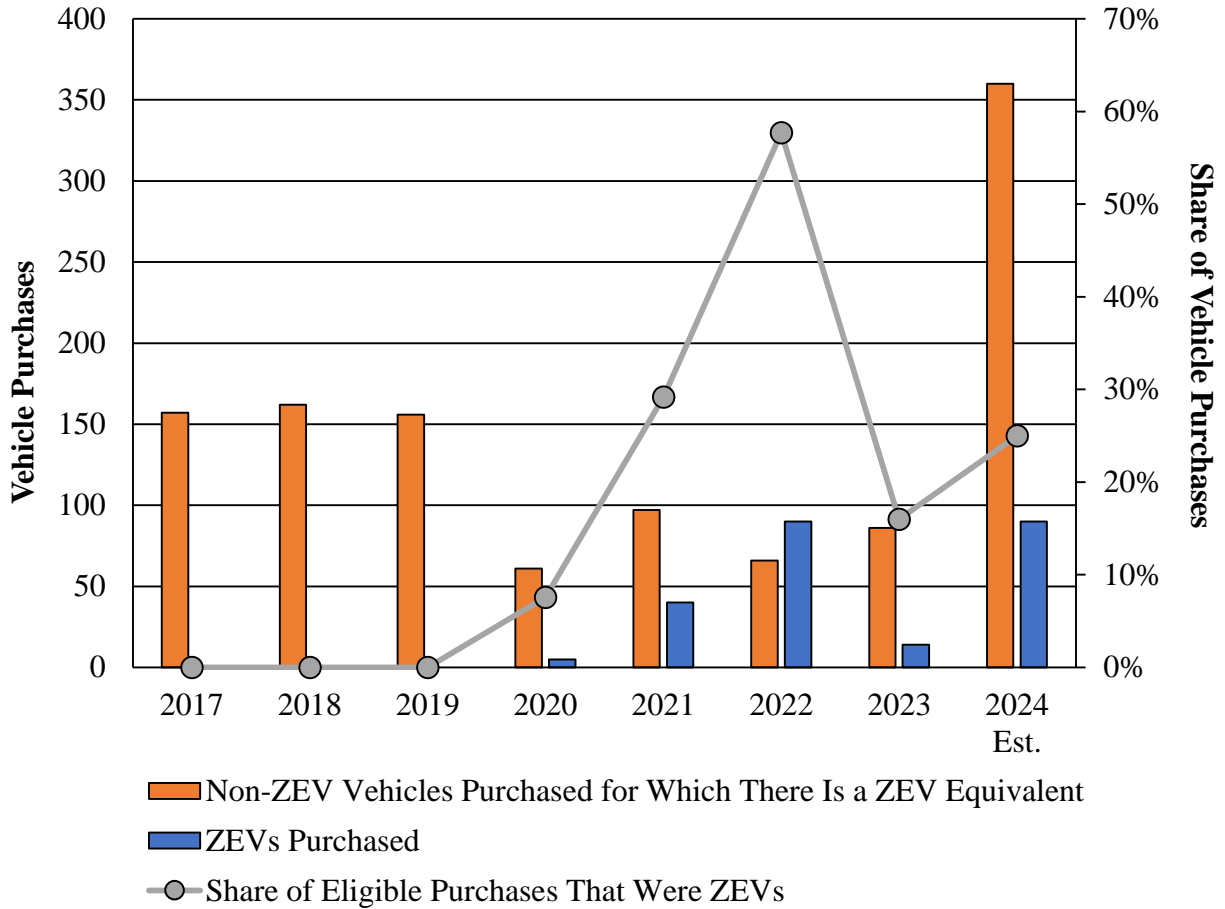
EZPass toll violation debt referrals to CCU were allowed to resume on December 1, 2022. EZPass has transmitted a high volume of account adjustments, including debt cancellations and debt reductions. **CCU should comment on the resumption of EZPass debt collection activities and any backlog of such cases.**

## **2. State Vehicle Fleet Purchases Did Not Reach ZEV Goal**

The State has a goal of reducing greenhouse gas emissions from State operations by electrifying the State vehicle fleet. The MFR goal is to make sure at least 25% of new vehicles purchased are ZEVs. ZEVs have no internal combustion engine and exclude low-emission alternatives to gasoline engines such as plug-in hybrid electric vehicles, flex fuel vehicles, and hybrid vehicles.

**Exhibit 3** shows that in fiscal 2023, ZEVs made up 16% of State fleet purchases for which there was an option available. This is much lower than the previous year rate of 58%. The goal has been met two out of four years. DBM expects ZEV purchases in the future to flatline at 90 per year, while an estimated additional 365 non-ZEV purchases per year would be made despite having a ZEV equivalent. This would place performance at the goal but would not maximize the State's commitment to reducing emissions. In fiscal 2023, only 14 ZEV purchases were made, while 86 non-ZEV purchases were made for which there was a ZEV equivalent.

**Exhibit 3  
State Vehicle Fleet ZEV Purchases  
Fiscal 2017-2024 Est.**



ZEV: zero-emission vehicle

Source: Governor’s Fiscal 2025 Budget Books

This performance metric excludes State fleet purchases for which no ZEV option was available. This has a sizable effect on the calculation for meeting the MFR goal. For instance, in fiscal 2021, ZEVs made up 29.2% of State fleet purchases for which there was a ZEV option. However, only 97 of the 321 non-ZEV purchases, or 30.2%, had a ZEV option available. When comparing ZEV purchases to all vehicles purchased, the fiscal 2021 levels only make up 11.1%. The current method for calculating the ZEV percentage in the MFR likely overestimates the State’s true performance in reducing State fleet emissions. Some major obstacles to expanding access include lack of diversity of ZEV options, insufficient size of the larger ZEV options, and the lack of robust charging infrastructure to ensure that vehicles are charged when needed.



## **Fiscal 2023**

Actual spending for fiscal 2023 was \$1.1 million higher than the legislative appropriation due to fiscal 2023 salary increments budgeted initially in the DBM – Statewide Personnel budget, as approved by the General Assembly. The \$1.1 million in funding for DBM – Secretary included \$343,965 for employee salary increases within the agency and \$747,665 in reimbursable funds for salary increases in other agencies funded by statewide reimbursable funds including the Office of Administrative Hearings, State Retirement Agency, Annapolis Data Center, Department of General Services, Department of Information Technology (DoIT), and shared services provided by DBM.

## **Fiscal 2024**

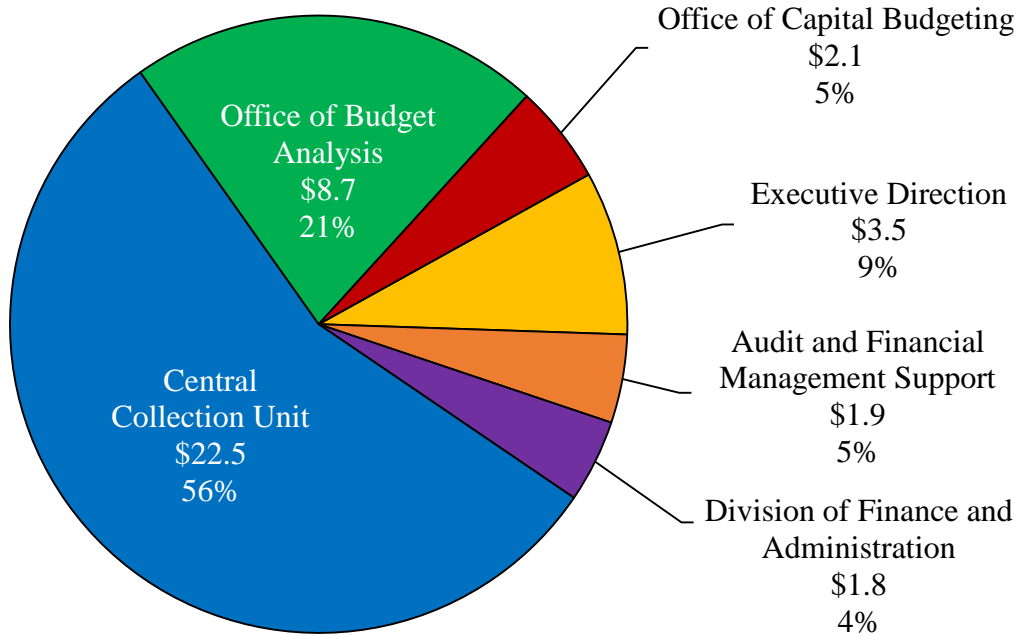
### **Proposed Deficiency**

The Governor’s proposed budget includes a deficiency appropriation of \$34,024 in fiscal 2024 to increase the allowance for two administrator V positions from part-time regular employees at 0.8 position identification numbers (PIN) to full-time regular employees at 1.0 PINs. These conversions are necessary to support increased workload related to budget amendment processing and other tasks at OBA.

## **Fiscal 2025 Overview of Agency Spending**

**Exhibit 4** displays DBM’s fiscal 2025 allowance by the six units under the Secretary’s Office. CCU accounts for a majority (56%, or \$22.5 million) of total expenditures and is expected to be fully supported by administrative fees in the Central Collection Fund.

**Exhibit 4**  
**Overview of Agency Spending**  
**Fiscal 2025 Allowance**  
**(\$ in Millions)**

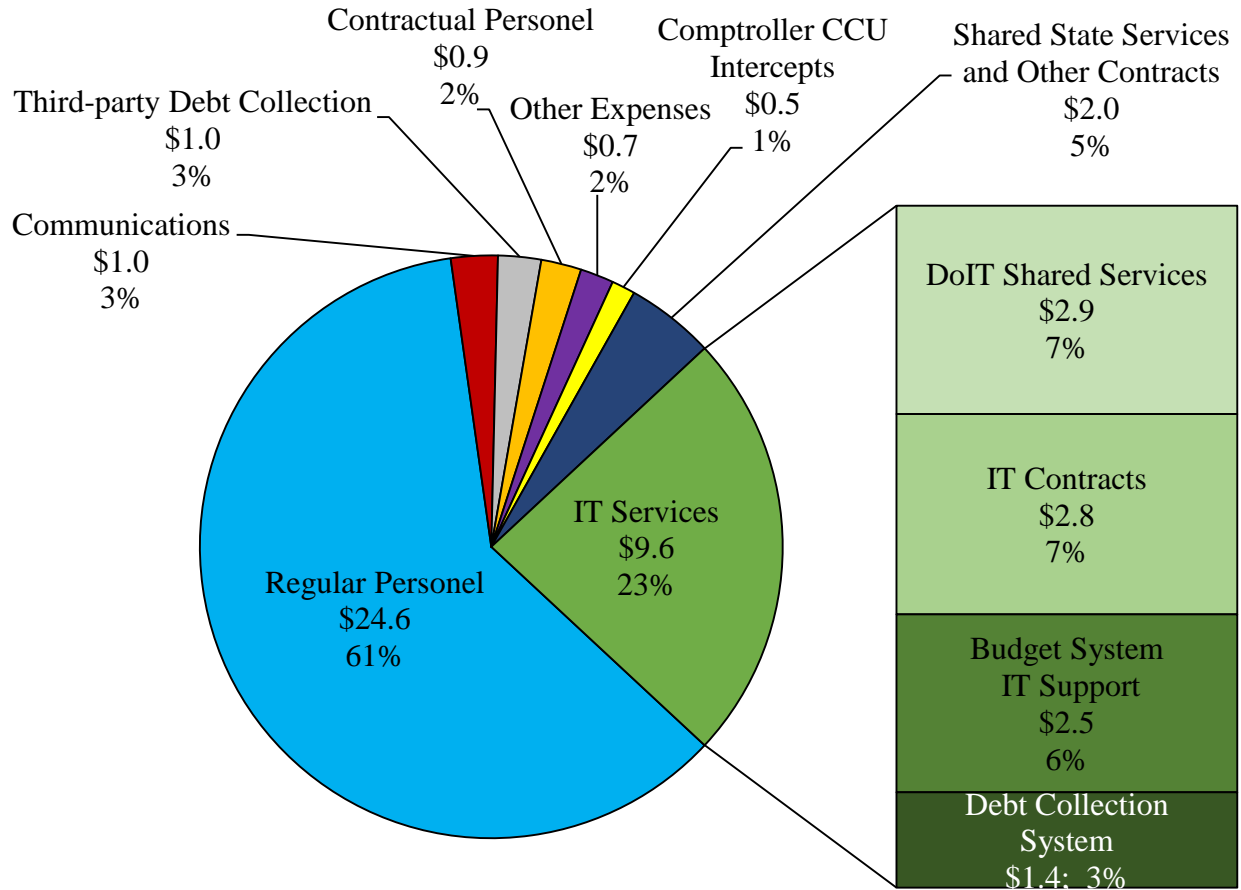


Source: Governor’s Fiscal 2025 Budget Books

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**Exhibit 5** reflects the DBM – Secretary fiscal 2025 allowance by use of funds. Regular personnel costs make up a majority of total spending (61%, or \$24.6 million). IT activities account for the next largest share of the allowance at 23%, or \$9.6 million. Of this, \$1.4 million is budgeted for technical support of the CCU Debt Collection Information System, and \$2.5 million is budgeted under OBA for Enterprise Budget System maintenance and operations.

**Exhibit 5  
Overview of Agency Spending  
Fiscal 2025 Allowance  
(\$ in Millions)**



CCU: Central Collection Union  
 DoIT: Department of Information Technology  
 IT: information technology

Source: Governor’s Fiscal 2025 Budget Books

**Proposed Budget Change**

As shown in **Exhibit 6**, the fiscal 2025 allowance decreases by approximately \$693,000, or 1.7%, from the fiscal 2024 working appropriation. The largest budgetary changes are for personnel expenses, IT services, shared statewide services, and CCU rent.

**Exhibit 6**  
**Proposed Budget**  
**Department of Budget and Management – Secretary**  
**(\$ in Thousands)**

| <b>How Much It Grows:</b>         | <b><u>General</u></b> | <b><u>Special</u></b> | <b><u>Federal</u></b> | <b><u>Reimb.</u></b> | <b><u>Total</u></b> |
|-----------------------------------|-----------------------|-----------------------|-----------------------|----------------------|---------------------|
|                                   | <b><u>Fund</u></b>    | <b><u>Fund</u></b>    | <b><u>Fund</u></b>    | <b><u>Fund</u></b>   |                     |
| Fiscal 2023 Actual                | \$16,582              | \$16,930              | \$0                   | \$3,100              | \$36,613            |
| Fiscal 2024 Working Appropriation | 15,718                | 22,071                | 0                     | 3,304                | 41,093              |
| Fiscal 2025 Allowance             | <u>14,642</u>         | <u>22,917</u>         | <u>0</u>              | <u>2,842</u>         | <u>40,400</u>       |
| Fiscal 2024-2025 Amount Change    | -\$1,076              | \$846                 | \$0                   | -\$463               | -\$693              |
| Fiscal 2024-2025 Percent Change   | -6.8%                 | 3.8%                  | 0%                    | -14.0%               | -1.7%               |

| <b>Where It Goes:</b>   | <b><u>Change</u></b> |
|---|----------------------|
| <b>Personnel Expenses</b>   |                      |
| Salary increases and associated fringe benefits including fiscal 2024 cost-of-living allocations and increments.....                          | \$1,351              |
| Net transfer of 1 position into agency and conversion of 6 contractual FTEs to regular PINs.....  | 536                  |
| Employee and retiree health insurance premiums.....   | 106                  |
| Other fringe benefits.....  | -7                   |
| Turnover expectancy increased from 3.7% to 4.4% .....   | -162                 |
| <b>IT Services</b>  |                      |
| Estimated DoIT network connection costs reduced due to building move.....   | -50                  |
| Miscellaneous CCU IT contracts, including database administration .....   | -114                 |
| Communications costs decline primarily due to a \$350,000 reduction in the Alliance/Noble telephone system with a new, lower cost vendor..... | -376                 |
| Amount charged to State agencies for Enterprise Budget System IT support reduced to reflect new cost estimate.....                            | -485                 |
| Funding for Fleet management system was reduced as project added as a Major IT Development Project .....                                      | -702                 |

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| <b>Where It Goes:</b>   | <b><u>Change</u></b> |
|---|----------------------|
| <b>Other Changes</b>  |                      |
| Funding for the Qualtrics contract to conduct a statewide culture survey. This is a two-year contract spanning fiscal 2024 and 2025.....  | 419                  |
| Increase in funding for envelopes for weekly offset mailings related to Comptroller CCU Intercepts .....  | 30                   |
| CCU Audit travel to outside collection agency/vendor conferences and funding for the Fleet Management division of DBM to host an annual conference for State vehicle managers ..... | 19                   |
| Other administrative expenses including vehicles, supplies, subscriptions, association dues, and insurance.....   | -24                  |
| Miscellaneous equipment rentals for CCU .....   | -39                  |
| Contingent reduction removing mandate to print budget books .....   | -40                  |
| Contractual personnel changes, including contractual FTE conversions.....   | -140                 |
| Statewide services allocations for various agencies.....  | -420                 |
| CCU special funds for rent paid to DGS for State Center lease.....  | -594                 |
| <b>Total</b>  | <b>-\$693</b>        |

CCU: Central Collection Union  
 DBM: Department of Budget and Management  
 DGS: Department of General Services  
 DoIT: Department of Information Technology  
 FTE: full-time equivalent  
 IT: information technology  
 PIN: position identification number

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

Funding for CCU rent at State Center decreased in fiscal 2025 by approximately \$0.6 million due to a relocation to 300 East Lombard Street in Baltimore City. The fiscal 2024 budget assumed CCU would be inhabiting State Center, while move-in timelines assume the agency will be relocated by August 2024 and incur less than one month of rental costs to the Department of General Services (DGS) in fiscal 2025. Rent for the new location is contractually agreed to be abated until the second year of occupancy, making rental costs abnormally low in fiscal 2025. Beginning in fiscal 2026, the rental agreement calls for annual rent payments of \$1,045,391 with 2.75% escalation per year

DBM made several cost-saving measures in the allowance, including a new communications contract for CCU and cheaper maintenance costs than in the past for the Budget Analysis and Reporting System (BARS) budgeting system.

### Proposed Contingent Reduction

Section 7-115 of the State Government Article requires that DBM provide budget books when it submits the Governor’s annual budget. In fiscal 2023, approximately \$36,000 in general funds was used for printing and providing these books. Fiscal 2024 and 2025 include \$40,000 each for this purpose. The Budget Reconciliation and Financing Act of 2024, however, proposes to modify this provision so that only online publishing is required. The fiscal 2025 allowance would therefore be reduced by \$40,000 if the General Assembly approves this provision.

### *Personnel Data*

|                        | <b><u>FY 23<br/>Actual</u></b> | <b><u>FY 24<br/>Working</u></b> | <b><u>FY 25<br/>Allowance</u></b> | <b><u>FY 24-25<br/>Change</u></b> |
|------------------------|--------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Regular Positions      | 189.80                         | 187.80                          | 195.00                            | 7.20                              |
| Contractual FTEs       | <u>11.94</u>                   | <u>20.00</u>                    | <u>15.60</u>                      | <u>-4.40</u>                      |
| <b>Total Personnel</b> | <b>201.74</b>                  | <b>207.80</b>                   | <b>210.60</b>                     | <b>2.80</b>                       |

*Vacancy Data: Regular Positions*

|  |       |       |
|--|-------|-------|
| Turnover and Necessary Vacancies, Excluding<br>New Positions | 8.39  | 4.44% |
| Positions and Percentage Vacant as of 12/31/23               | 18.00 | 9.58% |
| Vacancies Above Turnover                                     | 9.61  |       |

- Contractual payroll increases by a total of \$213,395 for the following:
  - a program manager for ARPA funding was hired in fiscal 2022 and made a permanent contractual position in fiscal 2025; and
  - a technical data administrator for BARS was hired in fiscal 2024 and made a permanent contractual position in fiscal 2025.
- Contractual payroll reduces by a total of \$353,111 for the following:
  - audit support rerouted to regular personnel pay increases (\$80,000 in savings);
  - interagency agreement administrator hours reduced (\$23,450 in savings); and
  - 3 collection agents, 1 IT functional analyst, and 1 fiscal accounts clerk were decreased from CCU contractual payroll but replaced as regular employees. (\$249,661 reduced in contractual payroll, \$358,998 increased in regular payroll).

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- The position allotment increases for DBM – Secretary in fiscal 2025 by 7.2 PINs. There are 6 new positions resulting from contractual conversions. A net increase of 1 position is due to transfers of positions from and to OPSB: two positions (a budget analyst and an administrator) transferred in from OPSB, and 1 administrator position transferred to OPSB. Finally, one budget administrator was increased from part-time (0.8 PINs) to full-time (1.0 PINs).
  
- **Position Transfers: \$59,159:**
  - administrator III transferred out to OPSB;
  - administrator VII transferred in from OPSB; and
  - budget analyst transferred in from OPSB.
  
- **Contractual Conversions: \$476,501:**
  - CCU office clerk II;
  - CCU IT functional analyst II;
  - CCU collection agent;
  - CCU administrative specialist I;
  - CCU administrative specialist II; and
  - OBA budget administrator V.
  
- Vacancies are budgeted at 4.44% in fiscal 2025, which is closer to actual experience than the 3.69% budgeted in fiscal 2024. This turnover adjustment removes approximately \$162,000 in funds from the allowance.

## Issues

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### 1. ARPA Funding Will Expire Soon

As the executive control agency for budgetary matters, DBM has the responsibility of working with other Executive Branch agencies to ensure that the budget is balanced and in line with the requirements associated with the funds, be they State or federal, mandatory or discretionary. OBA and the Division of Finance and Administration are the primary units managing the use of federal funds. DBM has developed workflow procedures as well as systems of data management to gather required information from State agencies, analyze the data for statutory and managerial purposes, and provide insight to a variety of stakeholders.

DBM provided a table in Appendix R of the Fiscal 2025 Budget Highlights that shows expended, budgeted, and remaining ARPA funds. Approximately \$3,147.2 million was expended from fiscal 2021 to 2023. Approximately \$557.7 million, or 18%, of the total allotment is left unspent as of fiscal 2024, excluding planned fiscal 2024 spending. This \$557.7 million remainder represents 60% of funding allocated for these specific programs, as shown in **Exhibit 7**. States are required by the grant conditions to encumber the funds by December 31, 2024, and expend them by December 31, 2026.

**Exhibit 7**  
**American Rescue Plan Act State Fiscal Relief Fund**  
**Fiscal 2021-2024**  
**(\$ in /Millions)**

|  | <u>Total<br/>Allocation</u> | <u>Spending<br/>2021-2023</u> | <u>Allocation<br/>2024</u> | <u>Unspent<br/>Allocated<br/>Funds<br/>(2021-2024)</u> | <u>Percent of<br/>Allocated<br/>Funds<br/>Remaining</u> |
|--|-----------------------------|-------------------------------|----------------------------|--|---|
| <b>Economic Assistance</b>                           |                             |                               |                            |  |   |
| Rural and Agricultural Business<br>Grants – TEDCO*   | \$1.5                       | \$1.0                         | \$0.0                      | \$0.5  | 34%   |
| <b>Total – Economic Assistance</b>                   | <b>\$1.5</b>                | <b>\$1.0</b>                  | <b>\$0.0</b>               | <b>\$0.5</b>   | <b>34%</b>  |
| <b>Public Health</b>                                 |                             |                               |                            |  |   |
| Health Zones   | \$14.0                      | \$2.6                         | \$0.0                      | \$11.4   | 82%   |
| Placeholder for COVID-19<br>Support*                 | 20.0                        | 4.8                           | 0.0                        | 15.2   | 76%   |
| Healthy Schools/ HVAC                                | 80.0                        | 0.2                           | 0.0                        | 79.8   | 100%  |
| Adverse Childhood Experiences<br>Reduction Programs* | 3.0                         | 2.8                           | 0.0                        | 0.2  | 5%  |
| Medicaid Advantage                                   | 50.0                        | 40.4                          | 0.0                        | 9.6  | 19%   |
| <b>Total – Public Health</b>                         | <b>\$167.0</b>              | <b>\$50.8</b>                 | <b>\$0.0</b>               | <b>\$116.2</b>   | <b>70%</b>  |



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|  | <u>Total<br/>Allocation</u> | <u>Spending<br/>2021-2023</u> | <u>Allocation<br/>2024</u> | <u>Unspent<br/>Allocated<br/>Funds<br/>(2021-2024)</u> | <u>Percent of<br/>Allocated<br/>Funds<br/>Remaining</u> |
|--|-----------------------------|-------------------------------|----------------------------|--|---|
| <b>Workforce Development</b>                       |                             |                               |                            |  |   |
| Local Workforce Development<br>Boards*             | \$7.0                       | \$6.4                         | \$0.0                      | \$0.6  | 8%  |
| Employment Training and<br>Apprenticeships         | 75.0                        | 37.5                          | 0.0                        | 37.5   | 50%   |
| Staffing Support                                   | 50.0                        | 23.7                          | 0.0                        | 26.3   | 53%   |
| <b>Total – Workforce Development</b>               | <b>\$132.0</b>              | <b>\$67.6</b>                 | <b>\$0.0</b>               | <b>\$64.4</b>  | <b>49%</b>  |
| <b>K-12 Education</b>                              |                             |                               |                            |  |   |
| School Reopening*                                  | \$10.0                      | \$8.9                         | \$0.0                      | \$1.1  | 11%   |
| Summer School*                                     | 50.0                        | 46.6                          | 0.0                        | 3.4  | 7%  |
| Trauma and Behavioral Health<br>Services*          | 25.0                        | 14.3                          | 0.0                        | 10.7   | 43%   |
| Transitional Supplemental<br>Instruction*          | 20.0                        | 14.5                          | 0.0                        | 5.5  | 27%   |
| Supplemental Instruction/Tutoring*                 | 151.6                       | 88.0                          | 0.0                        | 63.6   | 42%   |
| Student Support Network                            | 1.0                         | 0.3                           | 0.0                        | 0.7  | 72%   |
| <b>Total – K-12 Education</b>                      | <b>\$257.6</b>              | <b>\$172.5</b>                | <b>\$0.0</b>               | <b>\$85.0</b>  | <b>33%</b>  |
| <b>State Government Administration</b>             |                             |                               |                            |  |   |
| Telework for State Employees                       | \$5.0                       | \$4.8                         | \$0.0                      | \$0.2  | 4%  |
| Broadband Programmatic Support                     | 0.5                         | 0.3                           | 0.0                        | 0.2  | 37%   |
| State Telework Expansion**                         | 5.0                         | 0.3                           | 0.0                        | 4.7  | 94%   |
| Administrative Support*                            | 15.0                        | 4.3                           | 0.0                        | 10.7   | 71%   |
| <b>Total – State Government<br/>Administration</b> | <b>\$25.5</b>               | <b>\$9.7</b>                  | <b>\$0.0</b>               | <b>\$15.8</b>  | <b>62%</b>  |
| <b>Broadband</b>                                   |                             |                               |                            |  |   |
| Network Infrastructure *                           | \$97.1                      | \$5.2                         | \$0.0                      | \$91.9   | 95%   |
| USM Digital Divide*                                | 3.4                         | 0.0                           | 0.0                        | 3.4  | 100%  |
| Digital Inclusion Fund                             | 2.0                         | 0.0                           | 0.0                        | 2.0  | 99%   |
| Digital Navigators                                 | 2.0                         | 0.1                           | 0.0                        | 1.9  | 94%   |
| Gap Networks                                       | 3.0                         | 0.4                           | 0.0                        | 2.6  | 87%   |
| Rural Broadband – Legislative<br>Initiative *      | 45.2                        | 13.9                          | 0.0                        | 31.3   | 69%   |
| Service Fee Subsidy*                               | 45.0                        | 17.5                          | 0.0                        | 27.5   | 61%   |
| Device Subsidy                                     | 30.0                        | 0.0                           | 0.0                        | 30.0   | 100%  |
| <b>Total – Broadband</b>                           | <b>\$227.7</b>              | <b>\$37.2</b>                 | <b>\$0.0</b>               | <b>\$190.5</b>   | <b>84%</b>  |

*F10A – Department of Budget and Management – Secretary*

|   | <u>Total<br/>Allocation</u> | <u>Spending<br/>2021-2023</u> | <u>Allocation<br/>2024</u> | <u>Unspent<br/>Allocated<br/>Funds<br/>(2021-2024)</u> | <u>Percent of<br/>Allocated<br/>Funds<br/>Remaining</u> |
|---|-----------------------------|-------------------------------|----------------------------|--|---|
| <b>Housing and Community Development</b>                        |                             |                               |                            |  |   |
| Project Restore*  | \$50.0                      | \$19.1                        | \$0.0                      | \$30.9   | 62%   |
| Homeownership Works   | 10.2                        | 0.5                           | 0.0                        | 9.6  | 95%   |
| Maryland Community Safety<br>Program*                           | 10.3                        | 8.0                           | 0.0                        | 2.2  | 22%   |
| <b>Total – Housing and Community<br/>Development</b>            | <b>\$70.4</b>               | <b>\$27.7</b>                 | <b>\$0.0</b>               | <b>\$42.7</b>  | <b>61%</b>  |
| <b>Public Safety</b>  |                             |                               |                            |  |   |
| Summer Safe – DHS**   | \$1.0                       | \$0.0                         | \$1.0                      | \$1.0  | 100%  |
| Summer Safe – DJS**   | 3.1                         | 0.0                           | 3.1                        | 3.1  | 100%  |
| Summer Safe – GOCPP**   | 0.9                         | 0.0                           | 0.9                        | 0.9  | 100%  |
| FAMLI Contractual Services***                                   | 30.0                        | 0.0                           | 30.0                       | 30.0   | 100%  |
| Baltimore City Crime Prevention<br>Initiative**                 | 1.7                         | 0.0                           | 1.7                        | 1.7  | 100%  |
| Security Personnel for NonProfit<br>Faith-based Organizations** | 1.0                         | 0.0                           | 1.0                        | 1.0  | 100%  |
| Home Detention for Early Release                                | 5.0                         | 2.1                           | 0.0                        | 2.9  | 59%   |
| VOCA Victim Services*   | 3.3                         | 2.3                           | 0.0                        | 1.0  | 31%   |
| VOCA New Futures Bridge<br>Subsidy*                             | 2.0                         | 1.0                           | 0.0                        | 1.0  | 48%   |
| <b>Total – Public Safety</b>                                    | <b>\$48.0</b>               | <b>\$5.4</b>                  | <b>\$37.7</b>              | <b>\$42.6</b>  | <b>89%</b>  |
| <b>Total</b>  | <b>\$929.6</b>              | <b>\$371.9</b>                | <b>\$37.7</b>              | <b>\$557.7</b>   | <b>60%</b>  |

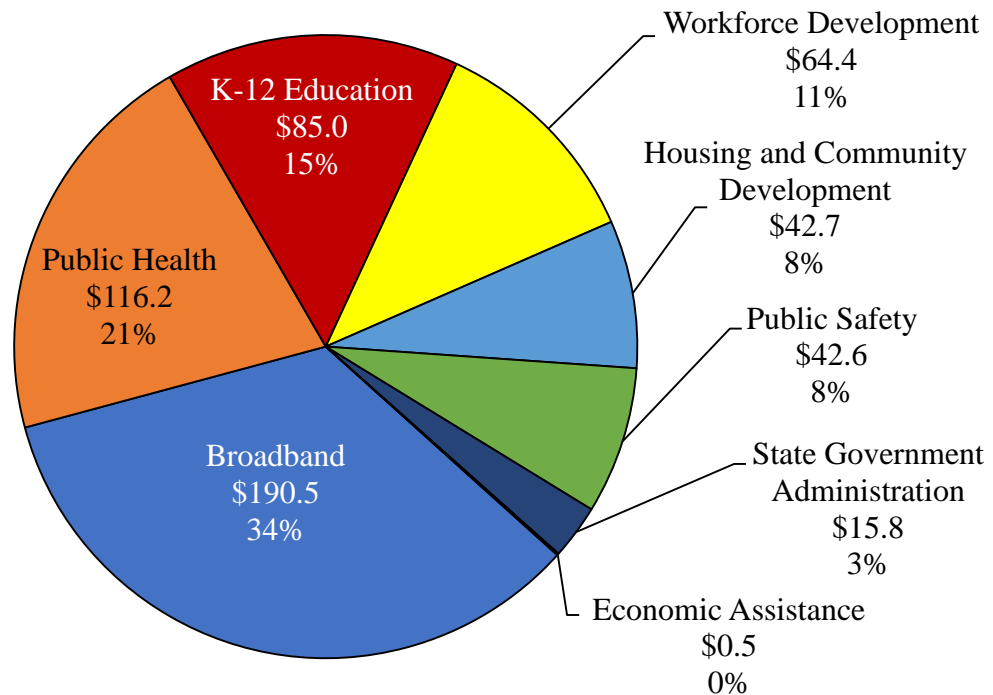
DJS: Department of Juvenile Services  
DHS: Department of Human Services  
FAMLI: Family and Medical Leave Insurance  
GOCPP: Governor’s Office of Crime Prevention and Policy  
TEDCO: Maryland Technology Development Corporation  
USM: University System of Maryland  
VOCA: Victims of Crime Act

\* Allocations or expenditures changed from prior publications  
\*\* New projects that were added to the Appendix since the fiscal 2024 publication.  
\*\*\* FAMLI Allocation to be spent across fiscal 2024 and 2025.

Source: Governor’s Fiscal 2025 Budget Highlights

The remaining funding is primarily set aside for broadband expansion, particularly Network Infrastructure spending. Public Health spending has the second most funding remaining next to Broadband due to the Healthy Schools/ HVAC allotment. **Exhibit 8** shows the full breakdown of remaining ARPA funds summarized by area.

**Exhibit 8**  
**Remaining American Rescue Plan Act Funds by Area**  
**Fiscal 2021-2024**  
**(\$ in Millions)**



Source: Governor’s Fiscal 2025 Budget Highlights

DBM has reported that there are 2 regular employees and 1 contractual full-time employee who dedicate some of their time to reviewing and managing federal funds, including the OBA budget system coordinator, the Deputy Secretary of Budget and Management, and a performance management analyst. In addition, Hagerty Consulting is the management consulting firm used by the State for the COVID-19 response assistance that has been made available to the State. Through the larger \$33.2 million contract, Hagerty provides coordination services for agency contributions and technical assistance on subrecipient monitoring and other funding oversight requirements. The larger \$33.2 million contract is within the Department of Emergency Management’s budget. ARPA support includes a project manager and variable consultant time for finance and grants management.

As the allocated grant funding will expire if not encumbered by the end of calendar 2024 and expended by the end of calendar 2026, the Department of Legislative Services (DLS) recommends adoption of budget bill language restricting \$200,000 in general funds from the DBM Office of the Secretary executive direction program pending submission of a report outlining previous, current, and future ARPA oversight activities in the interest of using all available resources to enhance State government. The report should also outline spending as of September 30, 2024.

DBM should brief the committees on any plans to reallocate unspent funds to other purposes.

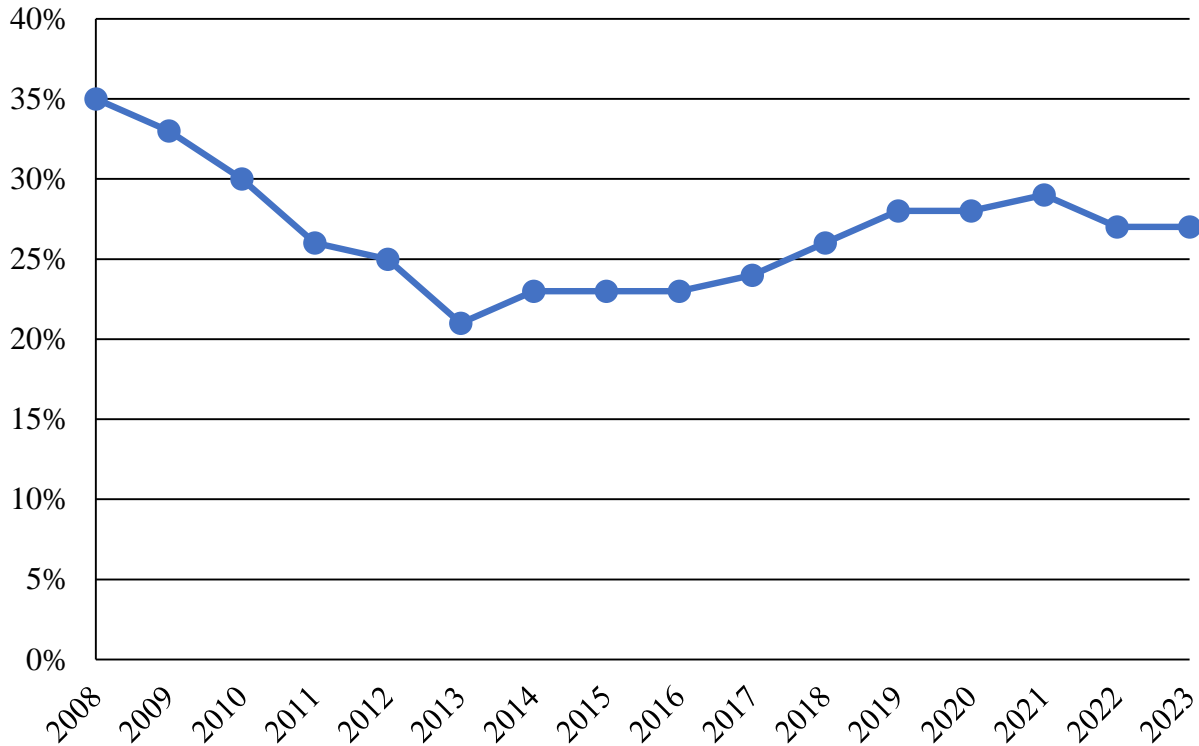
## **2. MFR Measures Needed for Audit Unit Output and Outcomes**

The fiscal 2023 budget made the existing Audit and Finance Compliance Unit an official budgetary subunit of DBM within the Office of the Secretary Executive Direction. While the unit previously was only 1 individual and focused on repeat audit findings, the new unit was expanded and now stands at 10 regular positions and 1 contractual program analyst position for a total fiscal 2025 budget allowance of \$1.9 million. As of January 1, 2024, only 1 regular program analyst position is vacant.

There are no current MFR goals for this unit nor measures reported for agency activities. Maryland's performance and accountability requirements were originally established under DBM's budget and planning process in calendar 1997 but were not codified in law or under executive order until the 2004 session, when the MFR legislation was passed unanimously by both the House and Senate and signed by the Governor.

The Office of Legislative Audits (OLA) provides annual summaries of fiscal/compliance audit report items by functional area as well as the share of fiscal/compliance audit report items that were repeated from a previous report. **Exhibit 9** shows that findings repeated from previous audits made up 27% of all findings in fiscal 2023, while only 23% were repeat findings in fiscal 2016.

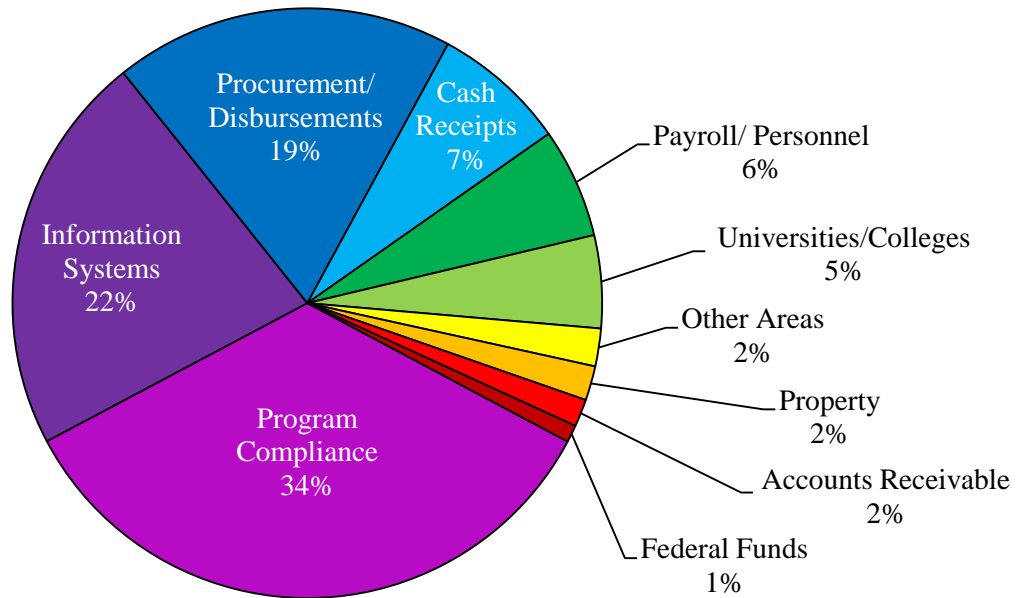
**Exhibit 9**  
**Share of Audit Findings Repeated from Previous Audit**  
**Fiscal 2008-2023**



Source: Office of Legislative Audits

**Exhibit 10** shows the relative share of each major area of OLA fiscal/compliance audits since fiscal 2008. In the fiscal 2023 audits, OLA found 183 issues related to maintaining program compliance, 117 findings related to information systems, and 99 findings related to procurements and disbursements. The audit compliance unit has the stated goal of improving compliance in all areas and provides technical training to agencies for improving program compliance. Additionally, general accounting compliance assistance is coordinated/aligned with the General Accounting Division in the Comptroller’s Office.

**Exhibit 10**  
**Current Findings on Fiscal/Compliance Audits**  
**Fiscal 2023**



Source: Office of Legislative Audits

These figures provide a basic understanding of the broad audit issues facing Maryland government. However, the Audit and Financial Management Support Unit in DBM does not report data on how it is assisting agencies in lowering these figures nor trends in State agency needs. **DLS recommends that DBM develop MFR goals, objectives, and measures for outputs and outcomes relevant to the Audit and Financial Management Support Unit for the fiscal 2026 budget submission.**

**3. Potential Underfunding of Entitlements/Mandates**

Individual DLS analyses for Medicaid, foster care, and debt service projected shortfalls in these three programs of a collective \$290 million for fiscal 2024 and 2025, as shown in **Exhibit 11**. A projected funding surplus in the Behavioral Health Administration (BHA) of about \$46 million reduces that potential shortfall to \$244 A future supplemental budget will likely address the debt service shortfall. **DLS recommends authorizing the transfer of \$65 million in fiscal 2024 and \$100 million in fiscal 2025 from the Revenue Stabilization Account (Rainy Day Fund) to the Maryland Department of Health (MDH) Medical Care Programs Administration and \$34 million in fiscal 2025 from the Revenue Stabilization Account (Rainy Day Fund) to Maryland Department of Human Services Foster Care Maintenance Program to address**

underfunding that materializes. If the maximum transfers are made, this action would reduce the balance in the Rainy Day Fund to \$2.1 billion, or about 8.6% of general fund revenues.

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**Exhibit 11**  
**Projected Underfunding of Entitlements/ Mandates**  
**Fiscal 2024-2025**  
**(\$ in Millions)**

|                                     | <u><b>Projected Shortfall</b></u> |
|-------------------------------------|-----------------------------------|
| Medicaid                            | \$236                             |
| Foster Care                         | 34                                |
| Debt Service                        | 20                                |
| <b>Subtotal</b>                     | <b>\$290</b>                      |
| Potential Behavioral Health Surplus | \$46                              |
| <b>Net Underfunding</b>             | <b>\$244</b>                      |

Source: Department of Legislative Services

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In the fiscal 2025 X00A00 – Public Debt operating budget analysis, DLS projects that due to variance in revenue estimates, the fiscal 2025 allowance is about \$20 million below what is needed to support capital projects authorized with bond premiums. Similarly, DLS has estimated that Medicaid and foster care payments will require more funding than currently budgeted.

The DLS spending forecast for M00Q01 – MDH – Medical Care Programs Administration has identified multiple shortfalls totaling approximately \$115 million in the fiscal 2024 working appropriation and \$150 million in the fiscal 2025 allowance, mainly due to technical errors and underestimated spending on services for individuals dually eligible for Medicaid and Medicare. These Medicaid shortfalls are anticipated to be reduced by \$29 million in general fund cost savings. DLS also identified a funding deficit of \$34 million for foster care payments in fiscal 2025 in the fiscal 2025 N00 – DHS Overview operating budget analysis due to increases in placement costs, although the size of the actual shortfall will depend on several factors, including cost increases, caseload changes, and availability of other fund sources. Finally, DLS identified a funding surplus in the fiscal 2025 M00L – MDH – BHA operating budget analysis totaling approximately \$46 million due to overbudgeting.

**DBM should comment on the projected underfunding and describe the agency’s proposed strategy to address the projected underfunding.**

#### 4. Competitive Grants

Language added to the fiscal 2024 budget required DBM to submit quarterly reports summarizing the status of competitive Infrastructure Investment and Jobs Act (IIJA) or Inflation Reduction Act (IRA) grants for which State agencies applied. Agencies applying for competitive grants requiring a State match were separately required to provide the budget committees with notification at least 10 days before submission of the application.

The budget committees were notified in advance of only 2 of the 34 grant applications where a State match was required so far in fiscal 2024. Those 2 applications are still pending, along with 14 other pending applications that could have a \$291.1 billion impact on future State spending. More consequentially, DBM reported that agencies had been awarded 18 grants where a State match was required, totaling \$553.3 million. It is not clear when the State agencies applied for these grants, so it is hard to determine if a notice should have been made to the budget committees or the application preceded the budget language. It is possible that some notices that should have been sent were missed. **DLS recommends requesting this information again in fiscal 2025.**

#### **Case Example: Multimodal Transportation Grants**

Of the two applications where the budget committees were provided advance notice, the first was from the Maryland Department of Transportation State Highway Administration (SHA). The funding was made available from the Multimodal Project Discretionary Grant (MPDG) program within IIJA and is meant to support multimodal improvements on the American Legion Bridge, on I-495 to the I-270 spur, and the I-270 west spur. The letter of notification was provided to the budget committees on August 14, 2023, and the grant application was due on August 21, 2023.

The project is eligible for approximately \$2.4 billion in federal grants, or 60% of the required amount. SHA intends to provide the State match with \$0.8 billion of State funds and \$0.8 billion of other federal grants. However, if this additional federal funding is not supplied, the State would be required to provide the remaining \$0.8 billion in funds or reduce the MPDG grant funding to \$1.2 billion in order to meet the required funding splits outlined in the federal programs. The potential compliant scenarios for funding this grant are included in **Exhibit 12** as *Scenario 1* and *Scenario 2*. Also included as *Scenario 3* and *Scenario 4* are the reported figures from the quarterly report on IIJA and IRA funding dated October 1, 2023, and February 1, 2024, respectively.



**Exhibit 12**  
**Funding Scenarios for State Matches Required of a Federal Grant**  
**Fiscal 2023-2027**  
**(\$ in Millions)**

| <u>Funding Scenario</u>                              | <u>Funds</u>   | <u>Share</u> |
|--|----------------|--------------|
| <b>Compliant Scenarios</b>                           |                |              |
| <i>Scenario 1: Fully Funded</i>                      |                |              |
| Federal MPDG Grant                                   | \$2,419        | 60%          |
| Other Federal Source(s)                              | 807            | 20%          |
| State Match  | 807            | 20%          |
| <b>Total Investment with Other Federal Grants</b>    | <b>\$4,032</b> | <b>100%</b>  |
| <i>Scenario 2: Reduced MPDG Funding</i>              |                |              |
| Federal MPDG Grant                                   | \$1,210        | 60%          |
| State Match  | 807            | 40%          |
| <b>Total Investment without Other Federal Grants</b> | <b>\$2,016</b> | <b>100%</b>  |
| <b>Noncompliant Scenarios as Reported by DBM</b>     |                |              |
| <i>Scenario 3: No Reduction in MPDG Funding</i>      |                |              |
| Federal MPDG Grant                                   | \$2,419        | 75%          |
| State Match  | 807            | 25%          |
| <b>Total Investment without Other Federal Grants</b> | <b>\$3,226</b> | <b>100%</b>  |
| <i>Scenario 4: MPDG Funding Not Reduced Enough</i>   |                |              |
| Federal MPDG Grant                                   | \$1,613        | 67%          |
| State Match  | 807            | 33%          |
| <b>Total Investment without Other Federal Grants</b> | <b>\$2,419</b> | <b>100%</b>  |

DBM: Department of Budget and Management  
MPDG: Multimodal Project Discretionary Grant

Source: Department of Budget and Management; Department of Legislative Services

This funding split was necessary because the two eligible MPDG programs to which SHA was applying, the National Infrastructure Project Assistance and Nationally Significant Multimodal Freight and Highways Projects, require that at least 20% of project costs be supported from non-federal sources. The first and second quarterly reports on IJA funding applications showed that this project was still pending results, but the two reports showed different percentage matches required of the State. The first report showed that the required State match was 25%

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(Scenario 3), but the second report showed that the required State match was 33% (Scenario 4). According to DLS analysis, the funding amount of \$0.8 billion would only suffice as a 33% match if the federal award was reduced to \$1.6 billion, for total funds of \$2.4 million and perhaps a scope reduction in the project. DBM should work with agencies in future submissions to provide accurate figures regarding the various funding scenarios for projects with funding contingent on other grants so that the budget committees are provided accurate estimations of potential commitments.

## Operating Budget Recommended Actions

1. Add the following language to the general fund appropriation:

, provided that \$200,000 of this appropriation is contingent upon the Department of Budget and Management submitting one report on the expenditure of federal funds available through the American Rescue Plan Act award for the State Fiscal Relief Fund (SFRF) program. The report shall include a table listing the amount available to the State through each SFRF grant, the amount expended for each fiscal year, the remaining balance, and the date by which the funds must be encumbered and expended under federal law. The report shall identify a plan for encumbering and expending funds prior to expiration for any grant with unencumbered and/or unexpended funds. The report shall identify the reasons why any funds are expected to expire prior to use. The report is due September 15, 2024. The budget committees shall have 45 days from the date of receipt of the report to review and comment. Funds restricted pending the receipt of a report may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund if the report is not submitted to the budget committees.

**Explanation:** Appendix R of the Governor’s Fiscal 2025 Budget Highlights showed unencumbered balances in federal SFRF monies totaling \$557 million. This language requires a full accounting of SFRF grants to increase transparency and oversight of federal fund spending and maximize utilization of available resources.

| <b>Information Request</b> | <b>Author</b>                       | <b>Due Date</b>    |
|----------------------------|-------------------------------------|--------------------|
| SFRF grant balances        | Department of Budget and Management | September 15, 2024 |

2. Adopt the following narrative:

**Audit and Finance Compliance Performance Measures:** A Department of Budget and Management (DBM) unit was expanded in fiscal 2022 to provide enhanced technical support to State agencies facing repeat audit findings, fiscal crises, and other financial management or audit compliance issues. No measures have been reported so far on activities, outputs, or outcomes of the unit, which could have a significant impact on the financial management and audit compliance needs of State agencies. The budget committees request that DBM include goals, objectives, and performance measures related to the activities of the Audit and Finance Compliance Unit in its fiscal 2026 Managing for Results submission.

*F10A – Department of Budget and Management – Secretary*

| <b>Information Request</b>  | <b>Author</b> | <b>Due Date</b>                                  |
|---|---------------|--|
| Performance measures related to the Audit and Finance Compliance Unit | DBM           | With the submission of the fiscal 2026 allowance |

3. Amend the following language in the general fund appropriation:

~~General Fund Appropriation, provided that this appropriation shall be reduced by \$40,000 contingent upon the enactment of legislation eliminating the mandate to print budget volumes~~

**Explanation:** The fiscal 2025 operating budget includes a provision that decreases funding for the Office of Budget Analysis by \$40,000 contingent on a provision in the Budget Reconciliation and Financing Act of 2024 removing the mandate to provide physical copies of budget books. This action removes the contingent language from the budget bill.

4. Adopt the following narrative:

**Submission of Select Budget Detail:** The committees request that the Department of Budget and Management (DBM) submit complete fiscal 2026 subobject detail by program for Comptroller Objects 08 and 12 by the third Wednesday of January 2025 in an electronic format subject to the concurrence of the Department of Legislative Services.

| <b>Information Request</b>                  | <b>Author</b> | <b>Due Date</b>                 |
|---|---------------|---------------------------------|
| Comptroller Objects 08 and 12 budget detail | DBM           | Third Wednesday of January 2025 |

5. Add 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~~ a list limited to the

appropriations restricted in this Act to be placed in contingency reserve. 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.
- ~~(e)~~ (b) 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 institutional board's jurisdiction without the approval of the Secretary, as provided in Section 15-105 of the Education Article.
- ~~(d)~~ (c) To prescribe procedures and forms for carrying out the above provisions.

**Explanation:** This language limits the amount of appropriations that can be placed into contingency reserve to only those items restricted by the Maryland General Assembly.

6. 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 (Retirees Health Insurance Premiums), 0175 (Workers' Compensation), 0217 (Health Insurance), 0305 (DBM Paid Telecommunications), 0839 (HR Shared Services), 0874 (Office of Attorney General Administrative Fee), 0876 (DoIT IT Services Allocation), 0894 (State Personnel System Allocation), 0897 (Enterprise Budget System Allocation), and 1303 (rent paid to DGS) 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 Objects 0152, 0154, 0217, 0305, and 0876 between State departments and agencies by approved budget amendment in fiscal 2023 and fiscal 2024.

All funds budgeted in or transferred to Comptroller Objects 0152 and 0154 and any funds restricted in this budget for use in the employee and retiree health insurance program that are unspent shall be credited to the fund as established in accordance with Section 2-516 of the State Personnel and Pensions Article.

Further provided that each agency that receives funding in this budget in any of the restricted Comptroller Objects listed within this section shall establish within the State’s accounting system a structure of accounts to separately identify for each restricted Comptroller Object, by fund source, the legislative appropriation, monthly transactions, and final expenditures. It is the intent of the General Assembly that an accounting detail be established so that the Office of Legislative Audits may review the disposition of funds appropriated for each restricted Comptroller Object as part of each closeout audit to ensure that funds are used only for the purposes for which they are restricted and that unspent funds are reverted or canceled.

**Explanation:** This language pertaining to restricted objects of expenditures is amended to disallow transfers to other purposes and makes it possible for the Office of Legislative Audits to track the disposition of funds in restricted statewide subobjects.

7. Add the following section:

**Section XX Revenue Stabilization Account – Entitlement Shortfalls**

SECTION XX. AND BE IT FURTHER ENACTED, That the Governor is authorized to process:

- (1) a fiscal 2024 budget amendment transferring up to \$65,000,000 and a fiscal 2025 budget amendment transferring up to \$100,000,000 from the Y01A01.01 Revenue Stabilization Account fund balance to the Maryland Department of Health (MDH) Medical Care Programs Administration, budget code M00Q01.03, to address underfunding that materializes in that program; and
- (2) a fiscal 2025 budget amendment transferring up to \$34,000,000 from the Y01A01.01 Revenue Stabilization Account fund balance to the Department of Human Services Foster Care Maintenance Program, budget code N00G00.01, to address underfunding that materializes in that program.

Each transfer enumerated above is contingent on the Department of Budget and Management submitting a report to the budget committees that provides updated estimates of projected shortfalls for the entitlement program. Each report shall be submitted 30 days prior to the submission of the budget amendment.

**Explanation:** Individual Department of Legislative Services analyses for Medicaid, foster care, and debt service projected shortfalls in these three programs of a collective

\$290 million for fiscal 2024 and 2025. A projected funding surplus in the Behavioral Health Administration of about \$46 million reduces that potential shortfall to \$244 million. A future supplemental budget will likely address the debt service shortfall. This action authorizes the transfer of \$65 million in fiscal 2024 and \$100 million in fiscal 2025 from the Revenue Stabilization Account (Rainy Day Fund) to the MDH Medical Care Programs Administration to address underfunding that materializes and \$34 million in fiscal 2025 from the Rainy Day Fund to the Foster Care Maintenance Program to address underfunding that materializes. If the maximum transfers are made, this action would reduce the balance in the Rainy Day Fund to \$2.1 billion or about 8.6% of general fund revenues.

| <b>Information Request</b> | <b>Author</b>                       | <b>Due Date</b>                                 |
|----------------------------|-------------------------------------|---|
| Entitlement shortfalls     | Department of Budget and Management | 30 days prior to submission of budget amendment |

8. Add the following section:

**Section XX Executive Long-term Forecast**

SECTION XX. AND BE IT FURTHER ENACTED, That the Governor’s budget books shall include a forecast of the impact of the executive budget proposal on the long-term fiscal condition of the General Fund, the Transportation Trust Fund, the Blueprint for Maryland’s Future Fund, and higher education Current Unrestricted Fund accounts. This forecast shall estimate aggregate revenues, expenditures, and fund balances in each account for the fiscal year last completed, the current year, the budget year, and four years thereafter. Expenditures shall be reported at such agency, program or unit levels, or categories as may be determined appropriate after consultation with the Department of Legislative Services. A statement of major assumptions underlying the forecast shall also be provided including, but not limited to, general salary increases, inflation, and growth of caseloads in significant program areas.

**Explanation:** This annual language provides for the delivery of the Executive’s General Fund, transportation, Blueprint for Maryland’s Future Fund, and higher education forecasts and defines the conditions under which it is to be provided.

| <b>Information Request</b> | <b>Author</b>                       | <b>Due Date</b>  |
|----------------------------|-------------------------------------|--|
| Executive forecasts        | Department of Budget and Management | With submission of the Governor’s Fiscal 2026 Budget Books |

9. Add the following section:

**Section XX Across-the-board Reductions and Higher Education**

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 unless their exclusion is specifically stated.

10. Add the following section:

**Section XX Reporting Federal Funds**

SECTION XX. AND BE IT FURTHER ENACTED, That the Governor’s budget books shall include a summary statement of federal revenues by major federal program sources supporting the federal appropriations made therein along with the major assumptions underpinning the federal fund estimates. The Department of Budget and Management (DBM) shall exercise due diligence in reporting this data and ensure that they are updated as appropriate to reflect ongoing congressional action on the federal budget. In addition, DBM shall provide to the Department of Legislative Services (DLS) data for the actual, current, and budget years listing the components of each federal fund appropriation by Catalog of Federal Domestic Assistance number or equivalent detail for programs not in the catalog. Data shall be provided in an electronic format subject to the concurrence of DLS.

**Explanation:** This annual language provides for consistent reporting of federal monies received by the State.

| <b>Information Request</b>                              | <b>Author</b> | <b>Due Date</b>  |
|---|---------------|--|
| Reporting components of each federal fund appropriation | DBM           | With submission of the Governor’s Fiscal 2026 Budget Books |



11. Add the following section:

**Section XX Federal Fund Spending**

SECTION XX. AND BE IT FURTHER ENACTED, That in the expenditure of federal funds appropriated in this budget or subsequent to the enactment of this budget by the budget amendment process:

- (1) State agencies shall administer these federal funds in a manner that recognizes that federal funds are taxpayer dollars that require prudent fiscal management, careful application to the purposes for which they are directed, and strict attention to budgetary and accounting procedures established for the administration of all public funds.
- (2) For fiscal 2025, except with respect to capital appropriations, to the extent consistent with federal requirements:
  - (a) when expenditures or encumbrances may be charged to either State or federal fund sources, federal funds shall be charged before State funds are charged except that this policy does not apply to the Department of Human Services with respect to federal Temporary Assistance for Needy Families funds to be carried forward into future years;
  - (b) when additional federal funds are sought or otherwise become available in the course of the fiscal year, agencies shall consider, in consultation with the Department of Budget and Management (DBM), whether opportunities exist to use these federal revenues to support existing operations rather than to expand programs or establish new ones; and
  - (c) DBM shall take appropriate actions to effectively establish the provisions of this section as policies of the State with respect to the administration of federal funds by executive agencies.

**Explanation:** This annual language defines the policies under which federal funds shall be used in the State budget.

12. Add the following section:

**Section XX Reporting on Budget Data and Organizational Charts**

SECTION XX. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that all State departments, agencies, bureaus, commissions, boards, and other organizational units included in the State budget, including the Judiciary, shall prepare and submit items for the fiscal 2026 budget detailed by Comptroller subobject

classification in accordance with instructions promulgated by the Comptroller of Maryland. The presentation of budget data in the Governor’s budget books shall include object, fund, and personnel data in the manner provided for in fiscal 2025 except as indicated elsewhere in this Act; however, this may not preclude the placement of additional information into the budget books. For actual fiscal 2024 spending, the fiscal 2025 working appropriation, and the fiscal 2026 allowance, the budget detail shall be available from the Department of Budget and Management (DBM) automated data system at the subobject level by subobject codes and classifications for all agencies. To the extent possible, except for public higher education institutions, subobject expenditures shall be designated by fund for actual fiscal 2024 spending, the fiscal 2025 working appropriation, and the fiscal 2026 allowance. The agencies shall exercise due diligence in reporting this data and ensuring correspondence between reported position and expenditure data for the actual, current, and budget fiscal years. This data shall be made available on request and in a format subject to the concurrence of the Department of Legislative Services (DLS). Further, the expenditure of appropriations shall be reported and accounted for by the subobject classification in accordance with the instructions promulgated by the Comptroller of Maryland.

Further provided that due diligence shall be taken to accurately report full-time equivalent (FTE) counts of contractual FTEs in the budget books. For the purpose of this count, contractual FTEs are defined as those individuals having an employee-employer relationship with the State. This count shall include those individuals in higher education institutions who meet this definition but are paid with additional assistance funds.

Further provided that DBM shall provide to DLS with the allowance for each department, unit, agency, office, and institution, a one-page organizational chart in Microsoft Word or Adobe PDF format that depicts the allocation of personnel across operational and administrative activities of the entity.

Further provided that for each across-the-board reduction to appropriations or positions in the fiscal 2026 Budget Bill affecting fiscal 2025 or 2026, DBM shall allocate the reduction for each agency in a level of detail not less than the three-digit R\*Stars financial agency code and by each fund type.

Further provided that DBM shall provide to DLS special and federal fund accounting detail for the fiscal year last completed, current year, and budget year for each fund. The account detail, to be submitted with the allowance, should at a minimum provide revenue and expenditure detail, along with starting and ending balances.

Further provided that DBM shall provide to DLS by September 1, 2024, a list of subprograms used by each department, unit, agency, office, and institution, along with a brief description of the subprograms’ purpose and responsibilities.

**Explanation:** This annual language provides for consistent reporting of fiscal 2024, 2025, and 2026 budget data and provides for the submission of department, unit, agency, office,

and institutions’ organizational charts to DLS with the allowance. It also requires DBM to allocate across-the-board reductions to positions or funding to ensure transparency in budget allocations.

| <b>Information Request</b>  | <b>Author</b> | <b>Due Date</b>  |
|---|---------------|--|
| Agency organizational charts and special and federal fund accounting detail | DBM           | With submission of the Governor’s Fiscal 2026 Budget Books |
| List of subprograms   | DBM           | September 1, 2024  |

13. Add the following section:

**Section XX Interagency Agreements**

SECTION XX. AND BE IT FURTHER ENACTED, That on or before August 1, 2024, each State agency and each public institution of higher education shall report to the Department of Budget and Management (DBM) any agreements in place for any part of fiscal 2024 between State agencies and any public institution of higher education involving potential expenditures in excess of \$100,000 over the term of the agreement. Further provided that DBM shall provide direction and guidance to all State agencies and public institutions of higher education as to the procedures and specific elements of data to be reported with respect to these interagency agreements, to include at a minimum:

- (1) a common code for each interagency agreement that specifically identifies each agreement and the fiscal year in which the agreement began;
- (2) the starting date for each agreement;
- (3) the ending date for each agreement;
- (4) a total potential expenditure, or not-to-exceed dollar amount, for the services to be rendered over the term of the agreement by any public institution of higher education to any State agency;
- (5) a description of the nature of the goods and services to be provided;
- (6) the total number of personnel, both full- and part-time, associated with the agreement;
- (7) contact information for the agency and the public institution of higher education for the person(s) having direct oversight or knowledge of the agreement;

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- (8) total indirect cost recovery or facilities and administrative (F&A) expenditures authorized for the agreement;
- (9) the indirect cost recovery or F&A rate for the agreement and brief description of how the rate was determined;
- (10) actual expenditures for the most recently closed fiscal year;
- (11) actual base expenditures that the indirect cost recovery or F&A rate may be applied against during the most recently closed fiscal year;
- (12) actual expenditures for indirect cost recovery or F&A for the most recently closed fiscal year; and
- (13) total authorized expenditures for any subaward(s) or subcontract(s) being used as part of the agreement and a brief description of the type of award or contract.

Further provided that DBM shall submit a consolidated report to the budget committees and the Department of Legislative Services by December 1, 2024, that contains information on all agreements between State agencies and any public institution of higher education involving potential expenditures in excess of \$100,000 that were in effect at any time during fiscal 2024.

Further provided that no new higher education interagency agreement with State agencies with a projected value in excess of \$500,000 may be entered into during fiscal 2025 without prior approval of the Secretary of Budget and Management.

**Explanation:** This annual language requires DBM to report on all interagency agreements between State agencies and public institutions of higher education having a total potential expenditure over the term of the agreement in excess of \$100,000. This applies only to agreements for the purchase of goods and/or services and does not apply to grants or space agreements. Further, it requires that no new higher education interagency agreement with State agencies with a projected value in excess of \$500,000 be entered into during fiscal 2025 without prior approval of the Secretary of Budget and Management.

| <b>Information Request</b>                    | <b>Author</b> | <b>Due Date</b>  |
|---|---------------|------------------|
| Consolidated report on interagency agreements | DBM           | December 1, 2024 |

14. Add the following section:

**Section XX Budget Amendments**

SECTION XX. AND BE IT FURTHER ENACTED, That any budget amendment to increase the total amount of special, federal, or higher education (current restricted and current unrestricted) fund appropriations, or to make reimbursable fund transfers from the Governor’s Office of Crime Prevention and Policy or the Maryland Department of Emergency Management made in Section 1 of this Act shall be subject to the following restrictions:

- (1) This section may not apply to budget amendments for the sole purpose of:
  - (a) appropriating funds available as a result of the award of federal disaster assistance; and
  - (b) transferring funds from the State Reserve Fund – Economic Development Opportunities Account for projects approved by the Legislative Policy Committee (LPC).
- (2) Budget amendments increasing total appropriations in any fund account by \$100,000 or more may not be approved by the Governor until:
  - (a) that amendment has been submitted to the Department of Legislative Services (DLS); and
  - (b) the budget committees or LPC has considered the amendment or 45 days have elapsed from the date of submission of the amendment. Each amendment submitted to DLS shall include a statement of the amount, sources of funds and purposes of the amendment, and a summary of the impact on regular position or contractual full-time equivalent payroll requirements.
- (3) Unless permitted by the budget bill or the accompanying supporting documentation or by any other authorizing legislation, and notwithstanding the provisions of Section 3 216 of the Transportation Article, a budget amendment may not:
  - (a) restore funds for items or purposes specifically denied by the General Assembly;
  - (b) fund a capital project not authorized by the General Assembly provided, however, that subject to provisions of the Transportation Article, projects

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of the Maryland Department of Transportation (MDOT) shall be restricted as provided in Section 1 of this Act;

- (c) increase the scope of a capital project by an amount 7.5% or more over the approved estimate or 5.0% or more over the net square footage of the approved project until the amendment has been submitted to DLS, and the budget committees have considered and offered comment to the Governor, or 45 days have elapsed from the date of submission of the amendment. This provision does not apply to MDOT; and
  - (d) provide for the additional appropriation of special, federal, or higher education funds of more than \$100,000 for the reclassification of a position or positions.
- (4) A budget may not be amended to increase a federal fund appropriation by \$100,000 or more unless documentation evidencing the increase in funds is provided with the amendment and fund availability is certified by the Secretary of Budget and Management.
  - (5) No expenditure or contractual obligation of funds authorized by a proposed budget amendment may be made prior to approval of that amendment by the Governor.
  - (6) Notwithstanding the provisions of this section, any federal, special, or higher education fund appropriation may be increased by budget amendment upon a declaration by the Board of Public Works that the amendment is essential to maintaining public safety, health, or welfare, including protecting the environment or the economic welfare of the State.
  - (7) Budget amendments for new major information technology projects, as defined by Sections 3A 301 and 3A 302 of the State Finance and Procurement Article, must include an Information Technology Project Request, as defined in Section 3A 308 of the State Finance and Procurement Article.
  - (8) Further provided that the fiscal 2025 appropriation detail as shown in the Governor’s budget books submitted to the General Assembly in January 2025 and the supporting electronic detail may not include appropriations for budget amendments that have not been signed by the Governor, exclusive of the MDOT pay-as-you-go capital program.
  - (9) Further provided that it is the policy of the State to recognize and appropriate additional special, higher education, and federal revenues in the budget bill as approved by the General Assembly. Further provided that for the fiscal 2026 allowance, the Department of Budget and Management shall continue policies

and procedures to minimize reliance on budget amendments for appropriations that could be included in a deficiency appropriation.

**Explanation:** This annual language defines the process under which budget amendments may be used.

15. Add the following section:

**Section XX Maintenance of Accounting Systems**

SECTION XX. AND BE IT FURTHER ENACTED, That:

- (1) The Secretary of Health shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2024 in program M00Q01.03 Medical Care Provider Reimbursements and M00Q01.10 Medicaid Behavioral Health Provider Reimbursements have been disbursed for services provided in that fiscal year and shall prepare and submit the monthly reports by fund type required under this section for that program.
- (2) The State Superintendent of Schools shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2024 to program R00A02.07 Students With Disabilities for nonpublic placements have been disbursed for services provided in that fiscal year and to prepare monthly reports as required under this section for that program.
- (3) The Secretary of Human Services shall maintain the accounting systems necessary to determine the extent to which funds appropriated for fiscal 2024 in program N00G00.01 Foster Care Maintenance Payments have been disbursed for services provided in that fiscal year, including detail by placement type for the average monthly caseload, average monthly cost per case, and the total expended for each foster care program, and to prepare the monthly reports required under this section for that program.
- (4) For the programs specified, reports must indicate by fund type total appropriations for fiscal 2024 and total disbursements for services provided during that fiscal year up through the last day of the second month preceding the date on which the report is to be submitted and a comparison to data applicable to those periods in the preceding fiscal year.
- (5) Reports shall be submitted to the budget committees, the Department of Legislative Services, the Department of Budget and Management, and the Comptroller beginning August 15, 2024, and submitted on a monthly basis thereafter.

- (6) It is the intent of the General Assembly that general funds appropriated for fiscal 2024 to the programs specified that have not been disbursed within a reasonable period, not to exceed 12 months from the end of the fiscal year, shall revert.

**Explanation:** This annual language requires the maintenance of accounting systems for certain programs, states the intent of the General Assembly that general funds not disbursed be reverted, and requires reporting of disbursements by the Maryland Department of Health (MDH), the Maryland State Department of Education (MSDE), and the Department of Human Services (DHS).

| <b>Information Request</b>   | <b>Author</b>      | <b>Due Date</b>                         |
|--|--------------------|---|
| Report on appropriations and disbursements in M00Q01.03, M00Q01.10, R00A02.07, and N00G00.01 | MDH<br>MSDE<br>DHS | August 15, 2024, and monthly thereafter |

16. Add the following section:

**Section XX Competitive Grant Applications**

SECTION XX. AND BE IT FURTHER ENACTED, That, as federal legislation makes billions of dollars of grant funding available to states and other entities on a competitive basis, it is the intent of the General Assembly that State agencies aggressively pursue funding opportunities that align with the goals of the State. The General Assembly notes that many of the grant opportunities require the commitment of State matching funds and asks that agencies notify the budget committees at least ten days prior to submitting the application if the receipt of the grant will require the allocation of additional State resources to the agency in fiscal 2025 or future years. The submission should include a brief description of the opportunity, the amount of federal funds the State is seeking, and the required State match.

Further provided that on a quarterly basis beginning July 1, 2024, the committees request a report from the Department of Budget and Management summarizing all of the competitive grants the State has applied for, **the date of application**, the status of the application, and any State match that is required by the grant.

**Explanation:** The Infrastructure Investment and Jobs Act and the Inflation Reduction Act each make billions of dollars of federal grant funds available to states and other entities on a competitive basis. There is limited legislative oversight on these funding opportunities and the impact they may have on future commitment of State resources. This language establishes a process for legislative review and tracking of competitive grant opportunities prior to the commitment of State funds.



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| <b>Information Request</b>                                    | <b>Author</b>   | <b>Due Date</b>   |
|---|---|---|
| Notice of competitive grant application requiring State match | Department of Budget and Management<br>All State Agencies | 10 days prior to submission of grant application                    |
| Competitive grant application summary reports                 | Department of Budget and Management                       | July 1, 2024<br>October 1, 2024<br>January 1, 2025<br>April 1, 2025 |

**Appendix 1**  
**2023 Joint Chairmen’s Report Responses from Agency**

The 2023 *Joint Chairmen’s Report* (JCR) requested that DBM prepare three reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Quarterly Reports on Competitive Grant Applications:*** DBM prepared a comprehensive report that summarizes all competitive grant opportunities pursued by the State from the IJA and IRA. The report must be submitted quarterly per fiscal 2024 Budget Bill language. As of November 30, 2023, 85 grants were applied for, 34 of which require a State match. Of the grants applied for, 28 were awarded. Of the grants awarded, 18 required a State match totaling approximately \$553 million. Further discussion of this data can be found in Issue 1 of this analysis.
- ***Consolidated Report on Interagency Agreements:*** DBM provided the annual report summarizing 235 interagency agreements between State agencies.
- ***Cybersecurity Repeat Audit Findings:*** Fiscal 2024 Budget Bill language requires DBM and the State Chief Information Security Officer to submit a report on certain repeat audit findings in eight State agencies by May 1, 2024.

**Appendix 2  
Audit Findings**

|                              |                                     |
|------------------------------|-------------------------------------|
| Audit Period for Last Audit: | October 20, 2017 – January 15, 2022 |
| Issue Date:                  | May 24, 2023                        |
| Number of Findings:          | 9                                   |
| Number of Repeat Findings:   | 3                                   |
| % of Repeat Findings:        | 33%                                 |
| Rating: (if applicable)      | N/A                                 |

**Central Collection Unit**

- Finding 1:** Redacted cybersecurity-related finding.
- Finding 2:** **CCU did not adequately pursue potential wage garnishments from debtors, and it had not established a formal system for prioritizing such activity as committed to in its response to this longstanding issue in our preceding audit report.**
- Finding 3:** **CCU did not have adequate controls over the abatement of accounts, which totaled approximately \$5.9 million during our audit period.**
- Finding 4:** **CCU did not adequately monitor long-term deviations from State regulations previously granted to State agencies regarding the submission of delinquent accounts to CCU.**
- Finding 5:** DBM did not verify that electronic receipts collected by a third-party vendor for CCU were deposited into the State’s bank account and accurately recorded in the State’s accounting records.

**Information Systems Security and Control**

- Finding 6:** Redacted cybersecurity-related finding.
- Finding 7:** Redacted cybersecurity-related finding.
- Finding 8:** Redacted cybersecurity-related finding.

**Disbursements**

- Finding 9:** DBM did not determine the reasonableness of charges related to technology enterprise services from DoIT, which were valued at \$4.1 million.

\*Bold denotes item repeated in full or part from preceding audit report.

**Appendix 3**  
**Capital Reporting, Analysis, and Budgeting System (CRABS)**  
**Major Information Technology Development Project**  
**Department of Budget and Management**

|                                       |                   |                |                |                |   |                |                  |                |
|---------------------------------------|-------------------|----------------|----------------|----------------|---|----------------|------------------|----------------|
| <b>New/Ongoing:</b> Ongoing           |                   |                |                |                |   |                |                  |                |
| <b>Start Date:</b> 02/01/2022         |                   |                |                |                | <b>Est. Completion Date:</b> 06/30/2026 |                |                  |                |
| <b>Implementation Strategy:</b> Agile |                   |                |                |                |   |                |                  |                |
| <b>(\$ in Millions)</b>               | <b>Prior Year</b> | <b>2024</b>    | <b>2025</b>    | <b>2026</b>    | <b>2027</b>                             | <b>2028</b>    | <b>Remainder</b> | <b>Total</b>   |
| <b>GF</b>                             | \$1.000           | \$1.489        | \$0.050        | \$0.715        | \$0.520                                 | \$1.120        | \$0.000          | \$4.894        |
| <b>SF</b>                             | 0.000             | 2.670          | 0.000          | 0.000          | 0.000                                   | 0.000          | 0.000            | 2.670          |
| <b>Total</b>                          | <b>\$1.000</b>    | <b>\$4.159</b> | <b>\$0.050</b> | <b>\$0.715</b> | <b>\$0.520</b>                          | <b>\$1.120</b> | <b>\$0.000</b>   | <b>\$7.564</b> |

- **Project Summary:** DBM completed a major IT project in fiscal 2018 for the Enterprise Budget System, which allows for the creation and management of the State operating budget. The CRABS project will expand on the Enterprise Budget System so that not only can operating budgets be created through the software but also capital budgets. CRABS will address needed functionality, gaps, and deficiencies of OCB’s current system including.
- **Need:** The existing C.B.I.S. (Capital Budget Information System) system is outdated and requires manual entry that has led to inconsistencies and errors. The goal is to reduce manual entry by 80%, increase analyst productivity by 20%, and allow for enhanced data capabilities similar to the operating process.
- **Observations and Milestones:** The project began in fiscal 2021 but was only started in earnest in July 2023. Work was paused in February 2023 due to procurement issues. A request has been prepared and is being put forward for the extension of the current Enterprise Budget System contract by two years to allow for the completion of the CRABS project with an 18-month window for operations and maintenance after the final go-live estimated for January 1, 2026. So far, milestones completed include the following:
  - project management plan;
  - solution delivery strategy;
  - detailed technical design (for about 40% of the system components);
  - prototype development and review (for about 40% of the system components); and
  - build and test (for about 20% of the system components).

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- **Concerns:** The project has been delayed due to an issue with procurement. The department had planned to complete the system replacement as a sole source contract with the existing contractor as approved by DoIT in February 2023. However, the DGS Office of State Procurement has not yet approved of the contract because a contract modification was not possible. DBM is waiting month to month to learn if the procurement may move forward or needs to restart.

**Appendix 4**  
**Fleet Management System Replacement**  
**Major Information Technology Development Project**  
**Department of Budget and Management**

|                                       |                   |                |                |                |   |                |                  |                |
|---------------------------------------|-------------------|----------------|----------------|----------------|---|----------------|------------------|----------------|
| <b>New/Ongoing:</b> New               |                   |                |                |                |   |                |                  |                |
| <b>Start Date:</b> 02/01/2024         |                   |                |                |                | <b>Est. Completion Date:</b> 09/03/2027 |                |                  |                |
| <b>Implementation Strategy:</b> Agile |                   |                |                |                |   |                |                  |                |
| <b>(\$ in Millions)</b>               | <b>Prior Year</b> | <b>2024</b>    | <b>2025</b>    | <b>2026</b>    | <b>2027</b>                             | <b>2028</b>    | <b>Remainder</b> | <b>Total</b>   |
| <b>GF</b>                             | \$0.000           | \$0.000        | \$0.250        | \$2.250        | \$0.350                                 | \$0.000        | \$0.000          | \$2.850        |
| <b>Total</b>                          | <b>\$0.000</b>    | <b>\$0.000</b> | <b>\$0.250</b> | <b>\$2.250</b> | <b>\$0.350</b>                          | <b>\$0.000</b> | <b>\$0.000</b>   | <b>\$2.850</b> |

- **Project Summary:** DBM Fleet Management division for the Statewide vehicle fleet has initiated a software system acquisition project to obtain a fully functional, customizable fleet management software system to replace the WebFleetMaster system that no longer meets business needs. The project aims to enable effective services for the fleet and house all data records for each State of Maryland vehicle including, but not limited to, acquisition, registration, lease, usage, maintenance, repair, claim, fuel, and disposal data.
- **Need:** The system must keep track of vehicles, repairs, usage, drivers and telematics data. The system must also interface with the existing established fleet maintenance and repair system, fuel vendor system, the State’s Financial Management Information System, eMaryland Marketplace Advantage, the State Comptroller’s Office-Payroll Division, and the State Treasurer’s Office Insurance Division. Currently, the system is not conformant to State IT securities policies.
- **Observations and Milestones:** The project team is in the initial process of compiling business and technical requirements for the project. The request for proposal is currently being drafted and is expected to be issued by July 1, 2024. DBM currently expects to make a vendor award by January 1, 2025.

**Appendix 5**  
**Object/Fund Difference Report**  
**Department of Budget and Management – Secretary**

| <u>Object/Fund</u>            | <u>FY 23</u><br><u>Actual</u> | <u>FY 24</u><br><u>Working</u><br><u>Appropriation</u> | <u>FY 25</u><br><u>Allowance</u> | <u>FY 24 - FY 25</u><br><u>Amount Change</u> | <u>Percent</u><br><u>Change</u> |
|-------------------------------|-------------------------------|--|----------------------------------|--|---------------------------------|
| <b>Positions</b>              |                               |  |                                  |  |                                 |
| 01 Regular                    | 189.80                        | 187.80   | 195.00                           | 7.20   | 3.8%                            |
| 02 Contractual                | 11.94                         | 20.00  | 15.60                            | -4.40  | -22.0%                          |
| <b>Total Positions</b>        | <b>201.74</b>                 | <b>207.80</b>  | <b>210.60</b>                    | <b>2.80</b>                                  | <b>1.3%</b>                     |
| <b>Objects</b>                |                               |  |                                  |  |                                 |
| 01 Salaries and Wages         | \$ 20,111,155                 | \$ 22,723,463  | \$ 24,581,018                    | \$ 1,857,555                                 | 8.2%                            |
| 02 Technical and Special Fees | 892,701                       | 1,043,486  | 903,253                          | -140,233                                     | -13.4%                          |
| 03 Communication              | 729,835                       | 1,424,500  | 1,048,500                        | -376,000                                     | -26.4%                          |
| 04 Travel                     | 27,629                        | 69,950   | 89,150                           | 19,200                                       | 27.4%                           |
| 07 Motor Vehicles             | 2,959                         | 11,000   | 9,400                            | -1,600                                       | -14.5%                          |
| 08 Contractual Services       | 14,534,585                    | 14,745,428   | 13,159,108                       | -1,586,320                                   | -10.8%                          |
| 09 Supplies and Materials     | 93,645                        | 120,000  | 105,000                          | -15,000                                      | -12.5%                          |
| 10 Equipment – Replacement    | 93,600                        | 198,000  | 198,000                          | 0  | 0%                              |
| 13 Fixed Charges              | 126,953                       | 723,356  | 346,991                          | -376,365                                     | -52.0%                          |
| <b>Total Objects</b>          | <b>\$ 36,613,062</b>          | <b>\$ 41,059,183</b>                                   | <b>\$ 40,440,420</b>             | <b>-\$ 618,763</b>                           | <b>-1.5%</b>                    |
| <b>Funds</b>                  |                               |  |                                  |  |                                 |
| 01 General Fund               | \$ 16,582,493                 | \$ 15,684,122  | \$ 14,681,772                    | -\$ 1,002,350                                | -6.4%                           |
| 03 Special Fund               | 16,930,340                    | 22,070,681   | 22,916,951                       | 846,270                                      | 3.8%                            |
| 05 Federal Fund               | 0                             | 0  | 0                                | 0  | 0.0%                            |
| 09 Reimbursable Fund          | 3,100,229                     | 3,304,380  | 2,841,697                        | -462,683                                     | -14.0%                          |
| <b>Total Funds</b>            | <b>\$ 36,613,062</b>          | <b>\$ 41,059,183</b>                                   | <b>\$ 40,440,420</b>             | <b>-\$ 618,763</b>                           | <b>-1.5%</b>                    |

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.

**Appendix 6**  
**Fiscal Summary**  
**Department of Budget and Management – Secretary**

| <u>Program/Unit</u>                        | <u>FY 23</u><br><u>Actual</u> | <u>FY 24</u><br><u>Wrk Approp</u> | <u>FY 25</u><br><u>Allowance</u> | <u>Change</u>      | <u>FY 24 - FY 25</u><br><u>% Change</u> |
|--|-------------------------------|-----------------------------------|----------------------------------|--------------------|---|
| 01 Executive Direction                     | \$ 4,172,915                  | \$ 4,543,598                      | \$ 5,340,282                     | \$ 796,684         | 17.5%                                   |
| 02 Division of Finance and Administration  | 5,001,867                     | 2,963,901                         | 1,753,599                        | -1,210,302         | -40.8%                                  |
| 03 Central Collection Unit                 | 16,161,052                    | 21,299,162                        | 22,498,329                       | 1,199,167          | 5.6%                                    |
| 05 Audit and Financial Management Support  | 785,233                       | 0                                 | 0                                | 0                  | 0%                                      |
| 01 Budget Analysis and Formulation         | 8,979,382                     | 10,328,316                        | 8,758,729                        | -1,569,587         | -15.2%                                  |
| 01 Capital Budget Analysis and Formulation | 1,512,613                     | 1,924,206                         | 2,089,481                        | 165,275            | 8.6%                                    |
| <b>Total Expenditures</b>                  | <b>\$ 36,613,062</b>          | <b>\$ 41,059,183</b>              | <b>\$ 40,440,420</b>             | <b>-\$ 618,763</b> | <b>-1.5%</b>                            |
| General Fund                               | \$ 16,582,493                 | \$ 15,684,122                     | \$ 14,681,772                    | -\$ 1,002,350      | -6.4%                                   |
| Special Fund                               | 16,930,340                    | 22,070,681                        | 22,916,951                       | 846,270            | 3.8%                                    |
| Federal Fund                               | 0                             | 0                                 | 0                                | 0                  | 0.0%                                    |
| <b>Total Appropriations</b>                | <b>\$ 33,512,833</b>          | <b>\$ 37,754,803</b>              | <b>\$ 37,598,723</b>             | <b>-\$ 156,080</b> | <b>-0.4%</b>                            |
| Reimbursable Fund                          | \$ 3,100,229                  | \$ 3,304,380                      | \$ 2,841,697                     | -\$ 462,683        | -14.0%                                  |
| <b>Total Funds</b>                         | <b>\$ 36,613,062</b>          | <b>\$ 41,059,183</b>              | <b>\$ 40,440,420</b>             | <b>-\$ 618,763</b> | <b>-1.5%</b>                            |

Note: The fiscal 2024 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2025 allowance does not include contingent reductions or cost-of-living adjustments.