



**Maryland**

**DEPARTMENT OF BUDGET  
AND MANAGEMENT**

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*Secretary*

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*Deputy Secretary*

**DEPARTMENT OF BUDGET AND MANAGEMENT – OFFICE OF THE SECRETARY**

**FY 2022 Budget Hearing**

**Testimony of**

**David R. Brinkley, Secretary  
Department of Budget and Management**

**Senate Budget and Taxation Committee  
House Appropriations Committee**

March 2, 2021

Chair Guzzone, Chair McIntosh, and members of the Senate Budget and Taxation Committee and the House Appropriations Committee, the Administration appreciates this opportunity to respond to the Department of Legislative Services' (DLS) analysis of the Department of Budget and Management – Office of the Secretary FY 2022 budget. The following testimony addresses the issues raised in the analysis as well as the recommended actions.

**Issue – Budget Amendment Process**

The budget amendment process is a cooperative process that involves the State agencies, the Department of Budget and Management (DBM), the Governor's Office, and the Department of Legislative Services. Generally, the process is a smooth one and amendments can be processed in a timely manner. Over the past twelve months, however, the process was significantly impacted by the COVID-19 pandemic. First, from a logistical perspective, State agencies and staff had to modify processes to accommodate remote work and other disruptions brought on by the pandemic. At the same time, they were also required to prioritize their work effort to address critical and immediate pandemic-related demands. This is particularly true of the Maryland Department of Health. Second, from a fiscal management perspective, agencies were required to manage significant influxes of federal and state funds related to COVID relief and recovery. Delays in the budget amendment process were also associated with the required reconciliation of FY 2020 expenditures for federal fund reimbursement. These challenges are reflected in the DLS exhibits showing delays in budget amendment processing in 2020.

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DBM recognizes that budget amendment processing during the pandemic has not been ideal and we are working with the appropriate agencies to improve timeliness. That effort is clearly demonstrated by the processing of the budget amendment to implement the RELIEF Act of 2021 within one day of its signing. This amendment transferred \$306 million from the Rainy Day Fund to the Recovery Now Fund and provided the appropriate agencies with \$306 million in new special fund spending authority to implement the provisions of the Act. The Governor also quickly signed the budget amendment authorizing Earned Income Tax Credit stimulus payments of \$300 and \$500 to more than 422,000 Marylanders. Within four days of the RELIEF Act's signing, the Comptroller announced that 98 percent of payments had been processed to eligible individuals and families.

DBM and the Administration are endeavoring to reduce the need for federal fund budget amendments in FY 2021 and FY 2022 by including federal stimulus dollars received in Supplemental Budgets No. 1 and No. 2. We will continue to reflect additional federal funds in subsequent supplemental budgets.

### **DLS Budget Recommendations**

As discussed below, DBM concurs with nine (9) of the eleven (11) operating budget recommendations made by the analyst. As discussed below, the Department continues to oppose annual Recommendations #2 and #3, which limit the Secretary's authority to manage the budget.

**Recommendation #2:** *Impose limitations on placing appropriations into contingency reserve.*

**DBM Response:** The Department does not concur with this limitation on the Secretary's authority to manage the budget. The language recommended for deletion by DLS was standard language in the budget bill that was included every year under the prior administration. The Department believes the current administration, and future administrations, should be afforded the same authority to manage the budget.

**Recommendation #3:** *Disallow transfers from restricted objects of expenditure to other purposes.*

**DBM Response:** The Department does not concur with the recommendation to disallow transfers from restricted objects of expenditure to other purposes. The language permitting the Secretary of Budget and Management to approve the transfer of funds from various statewide allocations for other purposes had been included in annual budget bills for several years prior to FY 2016. DBM believes the current Administration, and future administrations, should be afforded the same flexibility to manage funds as the prior administration and therefore respectfully requests the Committee reject the analyst's recommendation and allow the Secretary to retain this management tool.

DBM concurs with Recommendations #1 as well as #4 through #11, which are annual language.