



# Maryland

DEPARTMENT OF BUDGET  
AND MANAGEMENT

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DAVID R. BRINKLEY  
*Secretary*

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*Deputy Secretary*

## DEPARTMENT OF BUDGET AND MANAGEMENT

### OFFICE OF THE SECRETARY

#### FY 2023 Budget Hearing

#### Testimony of

#### Secretary David Brinkley

#### Senate Budget and Taxation Committee

March 1, 2022

Chairman Guzzone and members of the Senate Budget and Taxation 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 2023 budget. The following testimony addresses an issue raised in the analysis as well as the recommended actions.

#### **Issue – Expanded Audit and Financial Compliance Unit**

Originally, the Audit Compliance Unit was organized to focus primarily on providing guidance, consultative support, and technical advice to agencies related to OLA audit issues. The expanded Audit and Financial Compliance Unit includes the addition of Financial Compliance Analysts (new to the Unit) and more Audit Compliance Analysts. With the inclusion of additional Audit Compliance Analysts, we will be able to extend the impact of our unit by assisting an increased number of agencies in their efforts to reduce and avoid audit findings altogether. The addition of new Financial Compliance Analysts, who have financial expertise and State accounting experience, will enable us to provide technical assistance, guidance, and training to address financial and accounting offices within State agencies.

#### **DLS Budget Recommendations**

DBM concurs with nine (9) of the twelve (12) operating budget recommendations made by the analyst. As discussed below, the Department disagrees with the restriction of funding pending a report in Recommendation #2 and continues to oppose annual Recommendations #3 and #4, which limit the Secretary's authority to manage the budget.

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**Recommendation #2:** *Restrict \$250,000 in general funds pending submission of two reports on the expenditure of federal American Rescue Plan Act funds.*

**DBM Response:** While DBM does not disagree with providing the requested reports, the agency respectfully requests the Committee reject the restriction of funding. DBM has complied with other reporting requirements linked to economic stimulus funding (Recovery Now, for example) as well as with federal reporting requirements related to ARPA. The first annual [Recovery Plan Performance Report](#) was submitted to the Treasury on August 31, 2021, and is available on the DBM website. In addition, Appendix S: American Rescue Plan Act State Fiscal Relief Fund in the *FY 2023 Budget Highlights* volume provides FY 2021-FY 2023 allocations of ARPA funds. Therefore, DBM believes the restriction of funds is unnecessary.

**Recommendation #3:** *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 #4:** *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. 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 before 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 Recommendation #1 and Recommendations #5 through #12. In addition, DBM concurs with the new requirement in Recommendation #5 for the budget books to include a long-term forecast for the Blueprint for Maryland's Future Fund.