

Carol A. Beatty, Secretary  
Vacant, Deputy Secretary

Wes Moore, Governor  
Aruna Miller, Lt. Governor



**MARYLAND DEPARTMENT OF DISABILITIES  
FISCAL YEAR 2024 JOINT CAPITAL BUDGET HEARINGS  
RESPONSE TO DEPARTMENT OF LEGISLATIVE SERVICES ANALYSIS**

**February 21, 2023**

**SENATE BUDGET & TAXATION COMMITTEE  
CAPITAL BUDGET SUB-COMMITTEE  
Senator Craig J. Zucker , Chair  
Senator Cory V. McCray, Vice-Chair**

**February 22, 2023**

**HOUSE APPROPRIATIONS COMMITTEE  
CAPITAL BUDGET SUB-COMMITTEE  
Delegate Mark S. Chang, Chair  
Delegate Jazz M. Lewis, Vice Chair**

Thank you for the opportunity to appear before the Capital Budget Sub-Committee today as you review the proposed FY 2024 capital budget for the Maryland Department of Disabilities (MDOD) Access Maryland Program. We would like to thank our assigned DLS analyst, Ms. Naomi Komuro, for her thorough analysis and are pleased with the recommendation to concur with the Governor's allowance.

Agency Response

**Page 2, Recommended Actions:**

**1. Approve general obligation bond funds proposed for Access Maryland for accessibility modifications in the amount of \$2,028,000.00.**

MDOD respectfully supports this recommended action.

## **2. Annual Report on Access Maryland Project Encumbrances and**

**Expenditures: The Committees are concerned about the slow pace of annual encumbrances and lack of reliable and up-to-date encumbrance project status information reported by the Maryland Department of Disabilities (MDOD) for the Access Maryland Program. The information is needed to appropriately evaluate the effectiveness of the program. The committees request that MDOD submit a report by December 1, 2023, and annually thereafter that outlines year-to-date encumbrances and expenditures of the program. The Department of Legislative Services will work with MDOD to ensure that there is a consensus on the reporting format.**

We respectfully support the recommended action and look forward to working with the Department of Legislative Services (DLS) to ensure that there is a consensus on the reporting format and method for evaluating program performance.

MDOD shares the committees concern about the slow pace of annual encumbrances but does not agree with the characterization that we report unreliable and out-of-date information regarding encumbrance rates and project status. We rely on and consistently request monthly fiscal reports reflecting encumbrances and expenditures from the Department of General Services (DGS) and University System of Maryland (USM). The information MDOD receives is up to date at the time we receive it and the accuracy of our reporting on that information is reliable. Further, we track individual project updates monthly, document fund approvals, payment disbursements, project overages, reversions, and project status regularly. The funding reports and project status updates are maintained in customized financial and project tracking excel sheets that allow us to capture real-time status updates of each project currently funded through Access Maryland. All of this information is shared with our counterparts at DLS whenever it is requested.

### **Page 4, Issues**

**1. MDOD Risks Carrying High Encumbrance Balance into Fiscal 2024. Considering new projects are continuously added to the Access Maryland program to upgrade buildings in compliance with ADA regulations, MDOD should prioritize encumbering funds to complete existing projects to avoid a backlog. Moreover, completion should of building modifications and upgrades are necessary to ensure individuals with disabilities have full access to State facilities and offices. Detailed tracking of authorized projects and encumbrances could aid MDOD to prioritize and move projects more efficiently to completion. The Department of Legislative Services recommends adopting committee narrative requesting that MDOD produce an annual report of project encumbrances and expenditures.**

MDOD concurs with the request to produce an annual report of project encumbrances and expenditures as previously mentioned. While the analysis acknowledges the large impact that delays in the design phase of a project have on encumbrance rates, it exaggerates the role that reporting has on pushing projects to completion and fails to take into consideration the impact of the following key factors:

1. One project totaling \$1,800,000 accounts for fifty-five percent (55%) of the current unencumbered balance. Most of the projects remain on track to encumber at least a portion, if not all, of their approved funding;

2. Market challenges that surfaced during the COVID-19 Pandemic including persistent inflation, supply chain issues and labor shortages continue to slow down anticipated project timelines, leading to frequently longer completion times on all projects; and

3. Responsibility for advancing projects to completion ultimately resides with DGS, USM and the other participating State agencies. MDOD program staff coordinate regularly with all assigned project managers to facilitate the encumbrance of funds and encourage the timely completion of projects. Our primary administrative role under the Access Maryland Program is to conduct outreach, provide technical assistance developing transition plans and facilitate the application process. Once an application is approved, we monitor and report out on the progress of these projects against the established timelines.

4. In some cases, funds are provided in a single fiscal year even though spending will take place over two fiscal years. The Department of Budget and Management typically does not cash flow out smaller capital projects. Most of the projects approved by Access Maryland are below \$1 million and fall into this category.

MDOD continuously refines program policy and application changes to encourage compliance with the implementation schedules at the time of project approval. For example, in FY23, the program began limiting agencies from applying if they have up to three Access Maryland projects in various phases of incomplete or delayed status. DBM recently started funding design and construction over two fiscal years for larger projects or those with longer project schedules, as appropriate, to try to avoid further increases to the program balance. We also work closely with DGS to identify and improve project timeframes included in the Access Maryland application, taking into consideration a more realistic start-date for project encumbrances, that include Board of Public Works approvals, eMMA postings, pre-bid meetings, and bid approvals. With application timeframes more accurately reflected for new projects, we are better able to identify the most appropriate fiscal years to request additional funding for ongoing projects. We are hopeful that these changes will help motivate agencies to make a concerted effort to encumber funds consistent with their stated project timelines. As we work with DLS to come up with an annual reporting format, we will continue to coordinate with agencies, universities, and project managers to facilitate progress on current projects and the timely encumbrance of project funds.