



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

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Governor

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Lieutenant Governor

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Secretary

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Deputy Secretary

**BOARD OF PUBLIC WORKS
FY 2024 BUDGET HEARING**

**Testimony of
Helene Grady, Secretary
Department of Budget and Management**

*Senate Budget and Taxation Committee
January 27, 2023*

*House Appropriations Committee
February 1, 2023*

The Administration appreciates this opportunity to respond to the Department of Legislative Services' (DLS) analysis of the FY 2024 Board of Public Works (BPW) budget. We thank the DLS analyst for performing a thorough analysis. We concur with the DLS recommendation. The Administration's testimony fully supports the Governor's FY 2024 allowance for the BPW and aims to offer context to the proposed increase to the Contingent Fund.

The Contingent Fund allows the State, with BPW approval, to address non-recurring small-dollar contingencies and emergencies that arise throughout the State during the fiscal year when the General Assembly is not in session. The FY 2024 Governor's Allowance increases the Contingent Fund to \$2.5 million from \$500,000 (FY 2023 Legislative Appropriation). This proposed increase is an effort to right-size the Contingent Fund to a sufficient level that reflects the growth of the overall budget and, therefore, its capacity to address contingencies as they arise.

Over the last 50 years, the Contingent Fund's appropriation has fluctuated from \$3 million to \$500,000, where it has been level-funded since FY 2011. For illustrative purposes, if the Contingent Fund were funded to remain level relative to 1972 (~0.2% of the FY 1972 statewide General Fund appropriation), then the FY 2023 appropriation for the Contingent Fund would require \$53.1 million, more than 100 times greater than is currently budgeted. Rather, the \$500,000 FY 2023 Contingent Fund appropriation is 0.0018% of the statewide General Fund appropriation. The proposed increase to \$2.5 million in the FY 2024 Governor's Allowance would move the Contingent Fund closer to 0.01% of the statewide General Fund allowance of \$26.2 billion (excluding PAYGO).

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