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DEPARTMENT OF BUDGET AND MANAGEMENT – SECRETARY FY 2024 Budget Hearing

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

**Senate Budget and Taxation Committee
February 28, 2023**

**House Appropriations Committee
February 24, 2023**

The Administration appreciates the thorough analysis put forward by the Department of Legislative Services (DLS). DBM's responses to the DLS recommendations in the analysis are below.

We are available to answer any questions.

EZ Pass Toll Violation Referrals: CCU should comment on the effect that this resumption has had on agency activities, performance, and expected fiscal 2023 collection fee revenues.

As noted in the analysis, EZPass has not placed any debts to the Central Collection Unit (CCU) for collection yet. However, CCU anticipates referrals to begin within the next 90 days. At this time, CCU does not know the size of the backlog, though it is anticipated to be significant, or have an estimate of the impact on workload or fee revenue collected in FY 2023.

DLS Recommendations and DBM Responses

- 1) DLS recommends adopting narrative requesting a report on subobject detail by program for certain Comptroller objects.**

DBM concurs.

2) DLS recommends amending Section 2 to limit appropriation that can be placed into contingency reserve to items restricted by the General Assembly.

DBM does not concur with this proposed limitation on the Secretary's authority to manage the budget and would ask the committees to accept the language in this section in the budget as introduced. In addition, in order to simplify our administrative processes, DBM suggests that beginning with the FY 2024 budget, the budget committees notify the Comptroller directly, rather than routing notification through DBM, regarding approval of the release of funds restricted by the General Assembly. DBM will continue to monitor the release of funds and produce the list of withheld allotments (Exhibit D in the Fiscal Digest).

3) DLS recommends amending Section 17 to add tracking structure necessary for legislative audits and to disallow transfers to other purposes.

The Department does not concur with the recommendation to disallow transfers from restricted objects of expenditure to other purposes as in very limited circumstances this can be a useful budget management tool. 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. Given that, DBM respectfully requests the Committee reject the analyst's recommendation and allow the new Administration to resume this authority.

4) DLS recommends adding a section requiring long-term General Fund, Blueprint for Maryland's Future Fund, and higher education Current Unrestricted Fund accounts.

DBM concurs.

5) DLS recommends adding a section applying across-the-board reductions to institutions of higher education.

DBM concurs.

6) DLS recommends adding a section requiring reporting on federal funds received by the State.

DBM concurs.

7) DLS recommends adding a section defining the use of federal funds in the budget.

DBM concurs.

8) DLS recommends adding a section requiring consistent presentation of budget data and organizational charts.

DBM concurs.

9) DLS recommends adding a section requiring reporting on interagency agreements and approval by the Department of Budget and Management.

DBM concurs.

10) DLS recommends adding a section defining the budget amendment process.

DBM concurs.

11) DLS recommends adding a section requiring the maintenance of accounting systems for certain programs.

DBM concurs.

12) DLS recommends adding a section requiring notification of competitive grant applications with a State commitment and quarterly reports summarizing competitive grant applications.

DBM concurs. The Moore - Miller Administration is committed to pursuing all additional competitive federal funding made available through the Infrastructure Investment and Jobs Act and the Inflation Reduction Act where those opportunities align with the Administration's goals and priorities.

DBM understands the General Assembly's interest in tracking the Administration's application activity for new federal funding when awards will require the allocation of additional state resources. DBM will work with all state agencies and strive to meet the 10-day notification period and will provide quarterly application summary reports as requested.