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*Legislative District 30*  
Anne Arundel County

Budget and Taxation Committee

*Subcommittees*

Education, Business and Administration

Chair, Pensions

*Senate Chair*

Joint Committee on Administrative,  
Executive, and Legislative Review

Joint Committee on the Chesapeake and  
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THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

January 21, 2021

**Testimony in Favor of SB0030**  
**State Finance and Procurement - Appropriation Reductions (Board of Public Works**  
**Budget Reduction Clarification Act)**

Chairman Guzzone, Vice-Chair Rosapepe, and fellow members of the Budget and Taxation Committee,

I respectfully request a favorable report of Senate Bill 30, legislation which makes three important changes to the Board of Public Works (BPW) interim budget cutting authority to clarify the statute and ensure transparency.

As the members of this Committee know, and as we have seen throughout the course of this pandemic, the BPW has tremendous budgetary power to reduce critical aspects of our budget. More specifically, they have the authority to cut “not more than 25%” of any appropriation. Due to the vague wording of this statute it is unclear if this 25% applies to a total agency appropriation or to a specific line item -- and it is also unclear as to if this allows 25% of budget to be reduced at consecutive BPW meetings.

Additionally, the Board’s current process for proposing budget cuts drastically limits public input and awareness of any pending cuts by only requiring the cuts to be publicized 3 business days in advance -- meaning that Marylanders do not have sufficient opportunity to provide public input on budgetary cuts that may make substantive changes to State policy and services.

In order to address these challenges, Senate Bill 30 makes three changes to the current process:

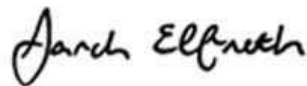
1. The BPW will be required to provide advance public notice of any cuts within 10 business days, an increase from the 2016 legislated requirement of three business days. This change will not only provide greater transparency for the BPW, but will also give stakeholders and the public insight into the process that impacts the state functions they care about. When we passed the three business days requirement a few years ago there were doomsday warnings from some, but in reality it worked entirely as planned. There was no negative impact on the bond rating and most budget reductions have gone through when necessary,

but some proposed budget reductions were more carefully scrutinized and revised or rejected.

2. The bill clarifies that the BPW can reduce a total of 25% over the course of a fiscal year, not 25% every time the Board meets. That is the better reading of the statute and mostly adhered to historically. Governor Hogan has acted consistently with that understanding, but his predecessor did not. In 2009, our research found that three agencies saw their budgets reduced by more than 25% for the fiscal year: Maryland Energy Administration (44%); Department of Information Technology (26%); and the Department of Housing and Community Development (27%). The bill would eliminate the unintended consequences resulting from the current interpretation of the law which has enabled these agencies to exceed the 25% budget ceiling. With clearer and undisputable language, the bill would restore the original goal of the law which is to allow the BPW to make a limited set of reductions to the state operating budget when the fiscal situation demands it, but not allow the BPW to essentially supplant the legislature by gutting entire programs or agencies.
3. The legislation clarifies what the BPW can reduce 25% of a line item. Under some interpretations of the current law, the BPW could reduce by 100% of certain line items—that is to say, programs—in the budget as long as it is less than 25% of the entire agency. The current language could be dangerously misinterpreted, granting the BPW power to effectively eliminate programs that the legislature has created. Again, the BPW is empowered with emergency budget reduction authority to allow Maryland to maintain a balanced budget when the General Assembly is not in session. Giving the BPW the authority to eliminate entire programs created and funded by the legislature supplants our role.

Once again, I respectfully request a favorable report of this legislation so we can ensure that the BPW is transparent and does not over step their far reaching budgetary authority.

Sincerely,

A handwritten signature in black ink that reads "Sarah Elfreth". The signature is written in a cursive, flowing style.

Sarah Elfreth