

**DEPARTMENT OF BUDGET AND MANAGEMENT
ACTION AGENDA**

GENERAL MISCELLANEOUS

ITEM: 19-GM Agency Contact: T. Eloise Foster
410-260-7041

DEPARTMENT: Budget and Management (DBM)

FUND SOURCES: (\$205,329,457) General Funds
(\$ 8,032,843) Special Funds
(\$ 54,319,164) Federal Funds

APPROP. CODES: See Backup

AMOUNT OF REQUEST: **(\$267,681,464)**
(See Backup for a summary by
Department/Agency)

DESCRIPTION: Under the provisions of §7-213(a), State Finance and Procurement Article, the Governor, with the approval of the Board of Public Works, may reduce, by not more than 25%, any appropriation the Governor considers unnecessary.

REQUESTING AGENCY REMARKS: The Backup to this Item, for the Board's approval, is the Governor's list of reductions for fiscal year 2010, by Department and Independent Agency. Consistent with the provisions of §7-213(b) of the State Finance and Procurement Article, no appropriations have been reduced for the payment of the principal and interest on State Debt, public schools mandated funding (including the School for the Deaf and the School for the Blind), or the salary of a public officer during the term of office. No reduction exceeds 25% of the appropriation.

Reversion amounts and fund balance transfers are shown for informational purposes for the General Assembly, the Judiciary and Executive Branch agencies. These reversions will not be part of the reductions to be approved by the Board. These reversions were agreed to by staff of each of the departments.

The Backup sets out the total amount of the reductions for each Agency. These reductions will result in the elimination of 57.5 State employee positions, of which 39.0 are currently filled. The Backup also lists the positions to be eliminated.

**DEPARTMENT OF BUDGET AND MANAGEMENT
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ITEM: 19-GM (Cont.)

The Secretary of Budget and Management has determined that employees who are separated from State employment as a result of this action shall be granted a lump sum payment equivalent to four weeks of pay. These individuals may also receive four months of State paid (the State's and the employee's share) health insurance, dental and prescription benefits. With the exception of two, these positions shall be eliminated effective 7/29/2009. PINS 015637 and 015962 in the Department of Health and Mental Hygiene will be eliminated effective 10/1/2009.

DBM REMARKS: Approval recommended.

Board of Public Works Action - The above referenced Item was:

APPROVED	DISAPPROVED	DEFERRED	WITHDRAWN
WITH DISCUSSION		WITHOUT DISCUSSION	

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BACK-UP

**Agency Reductions
 For FY 2010 Amended Appropriation
 General Funds**

Agency Code	Agency	Legislative Appropriation (in Millions of \$)	Across the Board Reductions (\$)	Other Reductions (\$)	Total Recommended Reductions (\$)	Reduction as a % of Amend. Approp.	Positions
C80	Office of the Public Defender	88.25	200,000	200,000	400,000	0.45%	
C81	Office of the Attorney General	18.88	150,000	50,000	200,000	1.06%	
D10/15/16/18	Exec. Dept - Office of the Governor, Boards and Commissions, Governor's Office for Children, and Secretary of State	109.31	0	200,000	200,000	0.18%	
D26	Dept. of Aging	23.78	0	287,417	287,417	1.21%	
D28	MD Stadium Authority	14.81	0	100,000	100,000	0.68%	
D38	St. Brd of Elections	8.85	0	229,999	229,999	2.60%	
D50	Military Dept.	15.05	0	394,000	394,000	2.62%	
D55	Veterans Affairs	8.31	0	291,000	291,000	3.50%	
D60	State Archives	2.70	0	94,000	94,000	3.49%	
E00	Office of the Comptroller	76.22	0	1,001,453	1,001,453	1.31%	
E20	Treasurer	4.99	0	75,000	75,000	1.50%	
E50	Dept. of Assessments and Taxation	104.17	180,000	0	180,000	0.17%	
E75	State Lottery Agency	1.95	0	68,000	68,000	3.48%	1.00
F50	Dept. of Information Technology	25.03	0	820,050	820,050	3.28%	
H00	Dept. of General Services	59.17	1,500,000	2,071,000	3,571,000	6.03%	
K00	Dept. of Natural Resources	52.17	50,000	2,145,242	2,195,242	4.21%	23.50
L00	Maryland Department of Agriculture	29.96	0	2,205,427	2,205,427	7.36%	6.00
M00	Dept. of Health and Mental Hygiene	3,165.02	200,000	144,734,836	144,934,836	4.58%	11.00
N00	Dept. of Human Resources	566.45	1,120,000	3,285,996	4,405,996	0.78%	1.00
P00	Dept. of Labor, Licensing and Regulation	35.99	0	573,084	573,084	1.59%	1.00
Q00	Dept. of Public Safety and Correctional Services	1,049.67	800,000	613,000	1,413,000	0.13%	
R00	MD State Dept. of Education -Headquarters	103.27	50,000	3,750,469	3,800,469	3.68%	
R00	MD State Dept. of Education - Funding for Educational Orgs.	23.23	0	478,494	478,494	2.06%	
R00	MD State Dept. of Education - Children's Cabinet Interagency Func	29.06	0	1,017,000	1,017,000	3.50%	
R13	Morgan State University	71.32	0	696,000	696,000	0.98%	
R15	MD Public Television	10.03	0	234,000	234,000	2.33%	
R30	Univ. System of MD	1,034.82	0	17,686,201	17,686,201	1.71%	
R62	Maryland Higher Education Commission	423.96	0	3,033,581	3,033,581	0.72%	
R95	Baltimore City Community College	41.66	0	1,458,000	1,458,000	3.50%	
S00	Dept. of Housing and Community Development	2.52	0	453,418	453,418	18.00%	
T00	Dept. of Business and Economic Development	54.76	0	3,400,507	3,400,507	6.21%	11.00
T50	MD Technology Development Corporation	19.07	0	3,000,000	3,000,000	15.73%	
U00	MD Dept. of the Environment	38.02	200,000	574,623	774,623	2.04%	
V00	Dept. of Juvenile Services	262.12	300,000	2,813,649	3,113,649	1.19%	
W00	Dept. of State Police	170.23	250,000	2,294,011	2,544,011	1.49%	3.00
Total - General Funds:		7,744.81	5,000,000	200,329,457	205,329,457	2.65%	57.50

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		Agency Reductions For FY 2010 Amended Appropriation General Funds						
Agency Code	Agency	Legislative Appropriation (in Millions of \$)	Across the Board Reductions (\$)	Other Reductions (\$)	Total Recommended Reductions (\$)	Reduction as a % of Amend. Approp.	PINS	
Prior Year Reversions								
D40	MD Dept of Planning				250,000			
	Statewide				10,000,000			
	Total - Prior Year Reversions				10,250,000			
FY 2010 Reversions								
B75	General Assembly of Maryland				3,000,000			
C00	Judiciary				3,500,000			
M00	Dept. of Health and Mental Hygiene				425,000			
	Total FY 2010 Reversions				6,925,000			
FY 2009 Revenue Transfers								
E20	Treasurer				6,000,000			
W00	Dept. of State Police				4,140,000			
	Total FY 2009 Revenue Transfers				10,140,000			
FY 2010 Revenue Transfers								
C81	Office of the Attorney General				6,000,000			
E75	State Lottery Agency				5,547,033			
	Statewide - Special Fund Interest				10,000,000			
	Total FY 2010 Revenue Transfers				21,547,033			
Fund Balance Transfers								
E50	Dept. of Assessments and Taxation				3,000,000			
F10	Dept. of Budget and Management				500,000			
K00	Dept. of Natural Resources				2,000,000			
Q00	Dept. of Public Safety and Correctional Services				500,000			
R13	Morgan State University				82,097			
R30	Univ. System of MD				20,000,000			
U00	MD Dept. of the Environment				1,250,000			
	FY 2010 Fund Balance Transfers				27,332,097			
	Total Fund Balance/Revenue Transfers and Reversions				76,194,130			
TOTAL GENERAL FUND REDUCTIONS AND FY 2010 REVERSIONS					281,523,587			

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BACK-UP

		Agency Reductions					
		For FY 2010 Amended Appropriation					
		Special Funds					
Agency Code	Agency	Amended Appropriation (in Millions of \$)	Across the Board Reductions (\$)	Other Reductions (\$)	Total Recommended Reductions (\$)	Reduction as a % of Amend. Approp.	
E75	State Lottery Agency	59.52	0	5,547,033	5,547,033	9.32%	
K00	Dept. of Natural Resources	110.13	0	2,485,810	2,485,810	2.26%	
Total - Special Funds:		169.65	0	8,032,843	8,032,843	4.73%	

		For FY 2010 Amended Appropriation					
		Federal Funds					
Agency Code	Agency	Amended Appropriation (in Millions of \$)	Across the Board Reductions (\$)	Other Reductions (\$)	Total Recommended Reductions (\$)	Reduction as a % of Amend. Approp.	
D50	Military Dept.	86.29	0	115,000	115,000	0.13%	
M00	Dept. of Health and Mental Hygiene	4,418.19	0	53,478,363	53,478,363	1.21%	
N00	Dept. of Human Resources	1257.79	0	725,801	725,801	0.06%	
Total - Federal Funds:		5,762.26	0	54,319,164	54,319,164	0.94%	

TOTAL REDUCTIONS - ALL FUNDS **267,681,464**

TOTAL REDUCTIONS - ALL FUNDS (including REVERSIONS) **343,875,594**

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Health and Mental Hygiene					
Medicaid federal fund swap	Due to growth in the State's unemployment rate, Maryland now qualifies for additional funding authorized by the American Recovery and Reinvestment Act of 2009 (ARRA).	75,000,000	75,000,000	0.00	
Hospital assessment fund swap	Increase hospital assessment in FY2010 to reflect higher-than-expected uncompensated care savings.	11,300,000	11,300,000	0.00	
Other fund swaps	(a) Federal Funds are available to support personnel costs in the Office of Health Care Quality, AIDS Administration, and Developmental Disabilities Administration; (b) AIDS drug rebates will support case management services of the Maryland AIDS Drug Assistance Program; (c) Higher-than-expected premium collections will support Maryland Children's Health Program.	3,034,981	3,034,981	0.00	
Medicaid recoveries	Increase estimate of recoveries from Program Integrity activities based on recent successes.	1,000,000	384,100	0.00	
Improve enforcement of eligibility policy	Accelerate disenrollment of individuals whose eligibility for the Primary Adult Care program has expired. No change will be made to eligibility standards, methodologies, or procedures relative to those in effect as of July 1, 2008.	3,600,000	1,357,262	0.00	
Miscellaneous operating expenses	Reduce funding for travel, training, printing, software, vehicle replacement, utilities, advertising and other contractual services.	233,127	233,127	0.00	
Mental Hygiene administrative contracts	Reduce funding for administrative services, pharmacy services, and dietary service contracts based on lower-than-expected need.	1,667,738	1,052,753	0.00	
Other contracts	Projected savings from rebidding contracts in a favorable procurement environment.	1,000,000	1,000,000	0.00	
Utility costs	Reflect savings from energy efficiency projects at Deer's Head and Spring Grove Hospitals.	630,000	630,000	0.00	
Medicaid expansion	Expand Primary Adult Care program to cover emergency room services for childless adults as of January 1 and increase hospital assessment to reflect newly averted uncompensated care.	3,353,000	3,353,000	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Prescription drug savings	Reduce spending on high-cost drugs in psychiatric hospitals and Maryland Pharmacy Program where there is no indication that medications would be better for patients than less expensive alternatives.	2,400,000	1,168,200	0.00	
Western Maryland Hospital	Reduce budget to reflect lower-than-budgeted population served.	383,776	383,776	0.00	
Eastern Shore Hospital	Convert Eastern Shore Hospital Residential Unit into an Assistive Living Unit, reducing staffing requirements. Staff retained through current vacancies.	718,516	718,516	0.00	
Psychiatric institutions	Reduce budgets for Carter Center, Perkins Hospital, and Springfield Hospital to reflect lower-than-budgeted population served. This reduction will delay opening of high-security unit at Perkins by three months.	5,966,740	5,966,740	0.00	
Hospital savings	Reimplement Medicaid day limits at 120% of average length of stay, effective January 1, or an alternative approved by the HSCRC that generates the same amount of general fund savings.	24,200,000	8,897,720	0.00	
Kennedy Krieger Institute	Allow the temporary rate adjustment for services performed offsite during renovations to expire as planned on January 1, 2010.	1,140,000	437,874	0.00	
DC Children's National Medical Center	Freeze rates to the hospital.	2,000,000	768,200	0.00	
Other hospital payments	Reduce budget based on lower-than-expected HSCRC-regulated rates for psychiatric services.	1,640,000	629,924	0.00	
Provider rates	Eliminate the 0.9% inflation adjustment for community providers.	13,293,206	8,091,299	0.00	
Nursing facilities	Reduce Medicaid rates by 2% as of August 1.	23,100,000	8,872,710	0.00	
New community placements	Reduce funding to reflect delay in moving 40 dually-diagnosed individuals deemed not yet ready for community placements. Placements anticipated by October 1.	836,315	400,000	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Continue March 2009 cost containment	Continue reduction to Medicaid/MCHP managed care organization (MCO) rates approved for FY 2009, implemented in June 2009; and reinforce cap on payments for MCO administrative expenses as percentage of expected medical expenses.	17,000,000	6,483,282	0.00	
Reversion	Do not expend funding set aside for Medbank grant.				425,000
Bonuses	Eliminate nurse retention bonus consistent with Section 14 of the Budget Reconciliation and Financing Act (BRFA) of 2009.	1,066,742	1,066,742	0.00	
Other salary savings	Eliminate eleven positions (seven filled), keep additional positions vacant for part of the year, reduce overtime, and reduce contractual and temp employment.	3,649,058	3,504,630	11.00	
Public Safety & Correctional Services					
Bonuses	Eliminate correctional officer retention bonus consistent with Section 14 of the Budget Reconciliation and Financing Act (BRFA) of 2009.	588,000	588,000		
Contractual services	Re-estimate contract costs based on actual expenditures.	25,000	25,000	0.00	
Fund balance transfer	Transfer \$500K from Maryland Correctional Enterprises fund balance (\$1m) to General Fund.				500,000
Higher Education					
University System of Maryland					
Operating expenses	Reduce funding for facilities renewal and operating expenses.	17,686,201	17,686,201	0.00	
Fund balance transfer	USM will transfer 3.5% (\$20M) from its fund balance into the General Fund.				20,000,000
Morgan State University					
Operating expenses	Reduce funding for institutional support and increase adjunct faculty.	696,000	696,000	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Fund balance transfer	Morgan will transfer 3.5% (\$82,097) from its fund balance into the General Fund.				82,097
Baltimore City Community College					
Operating expenses	Eliminate salaries and fringes associated with positions abolished by BPW in March 2009.	1,458,000	1,458,000	0.00	
Human Resources					
Revised estimate	Reduce Public Assistance payments for adults to reflect estimated caseload and monthly payments.	1,000,000	1,000,000	0.00	
Non-custodial parent employment	Eliminate general funding of Non-custodial parent employment program; reduction will not affect TANF eligible participants; others could be served through other DHR and DLLR programs.	1,500,000	1,500,000	0.00	
Food Stamp Program	Reduce general funding for Food Stamp Corrective Action Plan, as remediation has been completed.	1,417,857	692,056	0.00	
Women's Commission	Reduce funding for Maryland Women's Commission. Eliminates one vacant position.	93,940	93,940	1.00	
Business & Economic Development					
Position abolitions	Abolish 7 filled and 2 vacant positions throughout the agency. Functions will be down-sized and absorbed by remaining staff.	547,088	547,088	9.00	
Contractual services	Reduce contractual services across different programs.	57,200	57,200	0.00	
Economic development	Reduce grants to MD Israeli Development Center, World Trade Center Institute, Military Alliances, Economic Development, and Chesapeake Crescent; \$1,887,883 grant funds will remain.	124,000	124,000	0.00	
Maryland Industrial Training	Eliminate remaining funding for program.	30,958	30,958	0.00	
Nanobiotech grant	Reduce Nanobiotech grant to USM by 50%. This will leave \$250K to continue faculty recruitment.	250,000	250,000	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Welcome Centers	Eliminate 2 positions (1 filled, 1 vacant), reduce contractual hours, and close two centers with lowest annual visitor count (Bay Country & Sideling Hill).	392,226	392,226	2.00	
Fund swap	Fund workforce training grants with Special Funds.	250,000	250,000	0.00	
Contractual positions	Eliminate contractual positions in various programs. Duties will be absorbed by other personnel.	92,710	92,710	0.00	
Operating expenses	Reduce operating expenses, including event sponsorships, management studies, software licenses, tradeshow, advertising, tourism promotion, and strategic planning.	556,325	556,325	0.00	
Tourism Development	Reduce funding for Maryland Tourism Development Board for marketing and promotional activities. \$4.9 million remains.	1,100,000	1,100,000		
Education					
Operating expenses	Reduce operating expenses in Superintendent's Office and juvenile services facilities.	314,286	314,286	0.00	
Fund swap	Shift operating costs to Special Funds.	248,530	248,530	0.00	
Fund swap	Fund half of materials for Library for the Blind with Federal Funds.	100,000	100,000	0.00	
Fund swap	Reduce General Funds and backfill with anticipated increase in indirect cost attainment.	2,084,261	2,084,261	0.00	
Executive pay plan	No salary increase to employees in the Executive Pay Plan.	20,106	20,106	0.00	
Administrative costs	Reduce administrative funding for Infant Hearing Aid Bank (\$53,286). Sufficient funds will remain to purchase hearing aid equipment.	53,286	53,286	0.00	
Contractual services	Eliminate funding for Barcode Contract under which local jurisdictions count assessment tests via scanning devices.	650,000	650,000	0.00	
Loaned educators	Eliminate Headquarters' Reading Program loaned educator. Services should be able to be provided by other pre-K reading initiatives.	130,000	130,000	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Enhance services	Use stimulus funds to effect operational efficiencies for the Blind and Physically Handicapped population.	150,000	150,000	0.00	
State Aided Institutions	Reduce grants to State aided institutions by 10%; \$4,306,446 in grant funds remain.	478,494	478,494	0.00	
Planning					
Women's Museum grant	Revert prior year unspent grant funds; museum has a substantial balance from FY 2008 & FY 2009 (approximately \$500k available).			0.00	250,000
Higher Education Commission					
Operating expenses	Hold positions vacant, delay software procurement & reduce operating expenses.	218,000	218,000	0.00	
Reduce educational grants	Reduce grants to Washington Center, UMB Wellmobile, and Academy of Leadership by 50%.	410,250	410,250	0.00	
Sellinger Program	Reduce grant to private institutions to fund at the FY 2009 level.	1,731,793	1,731,793	0.00	
Physician Assistant/Nurse Practitioner grant program	Eliminate program that provides grants to institutions; duplicative of existing grant opportunities.	73,538	73,538	0.00	
Statewide and Health Manpower out-of-county tuition reimbursement	Reduce funding for Statewide and Health Manpower program as MHEC is currently undertaking a review to streamline the program. After reduction over \$6M remains to cover out-of-county tuition reimbursement to institutions for students in eligible programs.	600,000	600,000	0.00	
TEDCO					
Stem Cell Research	Reduce grant funds. After reduction program has \$12.4M to support Stem Cell Research.	3,000,000	3,000,000	0.00	
Juvenile Services					
Structured Shelter Care	Eliminate funding for two contracts, both of which ended on June 30, 2009.	1,355,094	1,355,094	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Mount Clare House	Contract with Mount Clare House (group home provider) ended in March 2009.	882,058	882,058	0.00	
Contracts	Eliminate funding for 3 Intensive Intervention contracts that ended in FY 2009.	576,497	576,497	0.00	
State Police					
Operating expenses	Reduce vehicle purchases, ammunition expenditures, and eliminate one filled position in Media Relations.	1,962,413	1,962,413	1.00	
Print shop	Eliminate print shop operations and outsource to Maryland Correctional Enterprise; abolish 2 filled positions.	199,662	199,662	2.00	
Consolidate operations	Consolidate operations and eliminate certain leased space requirements.	131,936	131,936	0.00	
Natural Resources					
Position abolitions	Abolish 18 filled and 3.5 vacant positions based on department-wide functional analysis and reorganization.	1,794,142	1,396,316	21.50	
Chesapeake Bay 2010 Trust Fund	Reduce by \$2 million and transfer funds to GF; leaves \$8 million	2,000,000			2,000,000
Fund swap	Replace General Funds with Special Funds to support services in three administrations (Forest Services, Natural Resources Police, and Engineering and Construction).	397,826	397,826	0.00	
Contractual services	Reduce contracts that provide non-essential services.	33,958	33,958	0.00	
Fire suppression coordination	Eliminate fire suppression coordination in Central and Southern regions, including two filled positions. Retains staffing in Western and Eastern regions to meet federal match.	107,165	107,165	2.00	
Phytoplankton Monitoring Program	Eliminate monitoring program identified by Chesapeake Bay Program as lower priority.	219,961	131,977	0.00	
Survey	Conduct fishing survey tri-annually versus annually.	78,000	78,000	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
General Services					
Operating expenses	Reduce operating expenses, including materials and supplies and equipment replacement.	276,500	276,500	0.00	
Utility savings	Reduce electricity expenditures to reflect anticipated energy savings	500,000	500,000	0.00	
Contractual services	Reduce cleaning services to those most efficient and critical to environment.	794,500	794,500	0.00	
Critical maintenance	Reprioritize scheduled critical maintenance projects to fund projects needing immediate attention.	500,000	500,000	0.00	
Agriculture					
MARBIDCO	Reduce funding for low cost rural business loans by 36%. Leaves \$1.75 million	1,000,000	1,000,000	0.00	
Soil Conservation Districts	Eliminate 5 vacant positions and operating funds for soil conservation districts. Leaves 77 positions.	400,000	400,000	5.00	
Gypsy moth control	Reduce funding by 50%. Additional Federal Funds anticipated and high rainfall expected to reduce moth population.	350,000	350,000	0.00	
Operating expenses	Reduce funding for new vehicle procurements by 50% and print and media advertising by 60%.	202,000	202,000	0.00	
Conservation grants	Eliminate state reimbursement for nutrient management plans and financial assistance for manure transport for non-poultry manures. Will require UM extension service to absorb a larger workload.	170,427	170,427	0.00	
Resource Conservation grants	Eliminate General Fund support for emergency maintenance of drainage outlet systems on the Eastern Shore. After reduction over \$31K still available to support activities.	8,000	8,000	0.00	
Position abolition	Eliminate a filled position supporting the International Marketing Program.	75,000	75,000	1.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Children's Cabinet Fund					
Local Management Boards (LMBs)	Reduce administrative funding of Local Management Boards by 14%; \$8,135,429 in General Funds will still be available to support LMB administrative services.	1,017,000	1,017,000	0.00	
Comptroller					
Lease purchase costs	Delay purchase of mainframe printers and remittance processors for Annapolis Data Center until late FY 2010; first lease payment not due until FY 2011.	459,759	459,759	0.00	
Operating expenses	Reduce funding for software, computer, and furniture purchases.	481,694	481,694	0.00	
Banking fees	Reduce amount budgeted for banking fees, due to decline in paper tax refunds.	60,000	60,000	0.00	
Information Technology					
Fund swap	Fund operating costs with Special Funds.	250,000	250,000	0.00	
Major IT fund	Reduce to reflect cash flow needs in FY 2010.	285,000	285,000	0.00	
Operating expenses	Delay purchase of project management software and reduce maintenance costs. Maintenance will be purchased in FY 2009 to cover FY 2010.	40,000	40,000	0.00	
Operating expenses	Reduce hardware maintenance, cost of frequency coordination services, and lease PBXs in Network Services program.	245,050	245,050	0.00	
Labor, Licensing & Regulation					
Equipment purchases	Reduce instructional and computer equipment purchases among different units.	179,700	179,700	0.00	
Fund swap	Transfer General Fund position in Apprenticeship and Training to new Workplace Fraud Unit and support with Special Funds.	61,250	61,250	0.00	
Board of Stationary Engineers	Eliminate vacant contractual position in Board of Stationary Engineers.	30,504	30,504	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Salary savings	Hold 5 positions vacant in Correctional Education for several months.	152,910	152,910	0.00	
Foreign Trained Nurse Program	Reduce program funding; leaving \$150,000.	50,000	50,000	0.00	
Position abolition	Abolish 1 filled position in DLLR's regulatory programs	48,720	48,720	1.00	
Fund swap	Reallocate funding for Attorney General office to reflect time charges that can be supported with Special and Federal Funds.	50,000	50,000	0.00	
Environment					
Used Tire Cleanup and Recycling Fund	Transfer funds from Used Tire Cleanup and Recycling Fund. Alternative funds may be available.				1,100,000
Radiation Control Fund	Transfer funds from Radiation Control Fund. One-time reduction possible due to influx of penalty money.				150,000
Contract savings	Fund contracts with special funds and encumbrances,	350,000	350,000	0.00	
Reorganization	Reassign 3 staff from Permit Application Assistance to higher priority functions supported by Special Funds.	102,411	102,411	0.00	
Fund swap	Use Special Funds for staffing in the recycling program.	65,366	65,366	0.00	
Operating expenses	Eliminate administrative support to Environmental Health Program and reassign position to non-general fund program.	56,846	56,846	0.00	
Housing & Community					
Fund swap	Fund operating expenses in Division of Neighborhood Revitalization with Special Funds.	203,418	203,418	0.00	
Community Legacy	Eliminate grant for Community Legacy projects. \$4M of capital funding remains.	250,000	250,000	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Military					
Operating expenses & contractual payroll	Reduce operating expenses (supplies, equipment purchase, travel and training) and contractual payroll that funds employees who support distance learning sites.	409,000	294,000	0.00	
Tuition Assistance Program	Reduce Maryland National Guard's tuition assistance program to \$400,000, which exceeds amount spent per year since FY 2006.	100,000	100,000	0.00	
Veterans Affairs					
Operating expenses	Reduce funding for various expenses, including advertising, printing, equipment rentals, food services, grounds maintenance, repairs and maintenance of buildings and equipment. After reduction almost \$3.9M available for operating expenses.	291,000	291,000	0.00	
Aging					
Fund swap	Shift salary and benefits expenses to Federal Funds.	99,817	99,817	0.00	
Senior Assisted Living Group Housing	Reflects one-time savings from enrollment freeze implemented during FY 2009.	82,873	82,873	0.00	
Naturally-Occurring Retirement Communities (NORCs)	Eliminate \$50,000 no longer needed for administration; \$450,000 in grant funds remain.	50,000	50,000	0.00	
Health Promotion Program	Eliminate State funding as program is duplicative of activities supported by other fund sources.	54,727	54,727	0.00	
Maryland Public Television					
Salary savings	Salary savings from reducing funding for two vacancies.	83,000	83,000	0.00	
Fund swap	Fund portion of master lease payments with Special Funds.	151,000	151,000	0.00	
Board of Elections					
Operating expenses	Reduce funding for technical and special fees and office supplies.	150,000	150,000	0.00	
Replacement equipment	Eliminate funding for replacement computer equipment.	79,999	79,999	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Public Defender					
Capital Defense Division	Anticipated turnover savings from elimination of this division due to 2009 legislation limiting death penalty. Staff will be transferred to other units.	200,000	200,000	0.00	
Governor's Offices					
Salary savings	Increase turnover by delaying filling current and new vacancies. Hold 3 vacancies open through fiscal year.	200,000	200,000	0.00	
Maryland Stadium Authority					
Fund swap	Use non-budgeted funds to cover General Fund reduction to Montgomery County Conference Center.	100,000	100,000	0.00	
Archives					
Fund swap	Fund salary and fringe costs for five positions and warehouse rental fees with Special Funds.	94,000	94,000	0.00	
Treasurer					
Contract reduction	Reduce scope of business recovery services by eliminating contingent hosting support.	35,000	35,000	0.00	
Banking fees	Reduce amount budgeted for banking fees, due to expected reduced investment trades and transactions.	40,000	40,000	0.00	
FY 2009 Revenue	Agency will revert additional \$6 million associated with Unpresented Check Fund and Undeliverable Check Fund.				6,000,000
State Lottery					
Advertising - General Fund Revenue	Reduce advertising budget. After reduction over \$11.8M still available for advertising expenditures.	5,500,000			5,500,000
Operating expenses	Reduce operating expenses. Reduction will be covered by savings in rental of video lottery terminals.	68,000	68,000	0.00	

Summary of Proposed July 2009 BPW Reductions

<u>Reduction Item</u>	<u>Reduction Recommendation</u>	<u>Total Fund Reduction</u>	<u>General Fund Reduction</u>	<u>Positions Reduced</u>	<u>Fund Balance/ Reversions</u>
Position abolition	Eliminate one vacant Special Fund position in video lottery terminal operations. No adverse impact expected.	47,033	0	1.00	47,033
Attorney General					
Salary savings	Agency will delay hiring legal secretary; existing 3 positions will support 15 lawyers.	50,000	50,000	0.00	
FY2010 reversion	Agency anticipates receiving additional payments of approximately \$6M as result of multi-state settlements related to sales of Auction Rate Securities in violation of the Maryland Securities Act.				6,000,000
Judiciary					
Planned reversion (FY 2010)	Judiciary will institute additional cost containment efforts and revert funds at close of FY2010.				3,500,000
General Assembly					
Legislative reversion (FY 2010)	Revert funds to General Fund from the Legislative Branch				3,000,000
Assessments & Taxation					
Fund balance transfer	Transfer \$3M from Charter Unit fund balance to General Fund at end of FY 2010.				3,000,000
Budget & Management					
Fund balance	Transfer \$500,000 from Central Collection Unit fund balance.				500,000
Statewide Reductions					
Real Estate Management Broker	Savings from negotiating lower rental rates.	3,000,000	3,000,000		
Electricity	Savings from rebidding of electricity purchase for State agencies	2,000,000	2,000,000		
FY 2008 and earlier encumbrances	Cancel the encumbrances and revert the funds				10,000,000
Revenues	Assign interest from Special Fund balances to General Fund				10,000,000
Insurance proceeds	Settlement from insurance company related to the crash of a Medevac Helicopter.				4,140,000
TOTAL		267,681,464	205,329,457	57.50	76,194,130

Summary of Proposed July 2009 BPW Reductions

Reduction Item	Reduction Recommendation	Total Fund Reduction	General Fund Reduction	Positions Reduced	Fund Balance/ Reversions
Combined Total of General Fund Reductions and Fund Balance Reversions			281,523,587		