

## Part C

# State Government

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### State Agencies, Offices, and Officials

#### State Officials

##### Salaries of Governor, General Assembly, and Constitutional Officers

In the last year of an election cycle, the Governor's Salary Commission makes recommendations to the General Assembly on salaries for the Governor and Lieutenant Governor for the following four-year term. Similarly, the General Assembly Compensation Commission makes recommendations concerning the salaries for members of the General Assembly for the next four-year term. The General Assembly may endorse or reduce each commission's proposals but may not increase the proposed salaries. In 2006, the Governor's Salary Commission approved salary increases for the Governor and Lieutenant Governor, and the General Assembly Compensation Commission approved an increase in the annual in-district travel allowance for members of the General Assembly and changes in retirement benefits but did not recommend a salary increase. *Senate Joint 2/House Joint 1 (both passed)* rejects the salary recommendations of the Governor's Salary Commission for the Governor and Lieutenant Governor for the next four-year term of office and the recommendations of the General Assembly Compensation Commission regarding changes in the in-district travel allowance and retirement benefits for members of the General Assembly. Thus, the salaries of the Governor and Lieutenant Governor and the salaries, retirement benefits, and in-district travel allowance for members of the General Assembly will not change for the next four-year term of office.

In addition to making salary recommendations for the Governor and Lieutenant Governor, the Governor's Salary Commission makes recommendations regarding the salaries of the Attorney General, Comptroller, Secretary of State, and Treasurer for the next four-year term of office. *Senate Bill 181/House Bill 163 (both failed)* would have implemented recommended salary increases for these constitutional officers for the next four-year term of office. Because the bills failed, their salaries will remain the same for the next four-year term.

## Executive Branch Officials

The Executive Branch of government in Maryland has 19 principal departments. With the exception of the State Department of Education, each department is headed by a secretary who is appointed by the Governor with the advice and consent of the Senate. The Executive Branch also includes independent agencies. These offices, commissions, boards, departments, and other agencies of State government are established by statute as independent units of government.

**Appointment of Cabinet Secretaries:** Secretaries of principal departments of the Executive Branch must be appointed by the Governor with the advice and consent of the Senate. The Governor is required to select, on the bases of professional and administrative knowledge and experience, a secretary who has the qualifications required by law. In the case of a Governor who is elected to a second consecutive term of office, *Senate Bill 1075 (failed)* would have required the Governor to reappoint all cabinet secretaries with the advice and consent of the Senate. The bill was vetoed by the Governor.

**Public Service Commissioners:** The Public Service Commission (PSC) is an independent unit of the Executive Branch of State government. Its mission is to promote adequate, safe, reliable, and economic delivery of services to Maryland consumers by gas, electric, and other public service companies. *Senate Bill 1102 (failed)* would have altered the appointment process for members of the PSC. Under *Senate Bill 1102*, the President of the Senate and the Speaker of the House each would have appointed two commissioners, and the Governor would have appointed one. This bill was vetoed by the Governor. The terms of the new commissioners would have begun on April 10, 2006. A more detailed discussion of this bill can be found under Part H – Business and Economic Issues of this *90 Day Report*.

**Governor's Appointments Office:** Within the Office of the Governor, the Appointments Office is organized under the office of the Governor's Chief of Staff. The Appointments Secretary examines the credentials of candidates for positions on boards, commissions, and other governmental agencies. However, most State personnel decisions are made under the authority of the Secretary of Budget and Management. *Senate Bill 1068 (failed)* would have prohibited the Governor's Appointments Office from superseding or interfering with any function of the Secretary of Budget and Management with regard to the State's personnel systems. In addition, the bill would have prohibited the Governor from delegating any authority or duty with respect to the State's personnel systems, including the hiring and termination of at-will and special appointees, to the Appointments Office or any other person in the Office of the Governor or in the Executive Branch.

## Revenue and Investments

### Commercial Paper

The Treasurer of Maryland oversees the State's investment portfolio. Among the many investments, the State invests in "commercial paper," which includes drafts, promissory notes, bank checks, and other negotiable instruments for the payment of money. *Senate Bill*

**330/House Bill 257 (both passed)** authorize the Treasurer to increase the amount of the State's investment portfolio invested in commercial paper from 5 to 10 percent. The bills also authorize investment or reinvestment in mutual funds that have commercial paper holdings. Both investments must receive the highest rating from nationally recognized rating organizations.

### **Small Denomination Bonds**

In addition to other duties, the Maryland Board of Public Works is authorized to approve the sale of bonds to raise revenue for the State. **Senate Bill 264/House Bill 294 (both passed)** increase the maximum amount of a small denomination bond from \$1,000 to \$5,000. Generally, \$5,000 is the industry standard for small denomination bonds. Thus, the dollar amount increase makes it easier for the Board of Public Works to contract the sale of the bonds to an underwriter who will be responsible for all management aspects.

### **Tax Refund and Vendor Payment Interception**

The Comptroller of Maryland is authorized to withhold tax refunds for individuals who have unpaid debts to the State and is required to intercept tax refunds for individuals who have not made required child support payments. The Comptroller also has an agreement with Delaware to intercept tax refunds for individuals who have delinquent tax liabilities in that state. **Senate Bill 640/House Bill 448 (both passed)** authorize the Comptroller to establish a reciprocal agreement with the federal government whereby the State will intercept the tax refunds and vendor payments of individuals who have delinquent federal liabilities. Under the bills, the federal government will intercept federal payments for individuals who have unpaid State debts.

## **Veterans**

### **Maryland Department of Veterans Affairs**

Various agencies in the State provide services for veterans and their dependents. In addition to the services provided by the Department of Veterans Affairs, the Maryland Veterans Commission is responsible for a variety of services for veterans and their dependents, such as maintaining cemeteries, operating veterans' service centers, and helping veterans and their dependents receive benefits. Similarly, the Maryland Veterans Home Commission is responsible for maintaining and supervising the veterans' home in Charlotte Hall in St. Mary's County. **Senate Bill 157 (passed)** places the authority to operate veterans' service centers and veterans' cemeteries under the Secretary of Veterans Affairs. In addition, the bill places the authority to operate the veterans' home under the Secretary of Veterans Affairs. The bill also alters the membership of the Maryland Veterans Commission.

### **Aid to Veterans**

**Benefits for Veterans Who Served in Iraq and Afghanistan:** Thousands of soldiers from Maryland have served or are currently serving in Iraq and Afghanistan. **House Bill 3 (passed)** establishes the Veterans of the Afghanistan and Iraq Conflicts Scholarship Program. The bill also extends the public safety death benefit to Maryland residents who were members of

the uniform services of the United States killed in Afghanistan or Iraq. *House Bill 3* also establishes an outreach and advocacy program within the Department of Veterans Affairs to ensure that veterans are informed of available federal and State services, benefits, and assistance. The bill establishes a Task Force to Study State Assistance to Veterans, which will study and make recommendations on a variety of issues concerning services for veterans. The bill also expands eligibility for the Edward T. Conroy Memorial Scholarship to include the child of an armed forces veteran who suffered a service-connected 100 percent permanent disability.

***Aid to Disabled Veterans and Businesses of Reservists and National Guard Members:*** While the federal government provides some assistance for disabled veterans, it does not cover many expenses of those who are in a partially disabled condition. *House Bill 1280 (passed)* provides financial assistance to small businesses that employ or that are owned by members of the armed forces reserves or Maryland National Guard members who are called to active duty by creating a loan program administered by the Department of Business and Economic Development. The loan program provides no-interest loans to affected businesses. In addition, no-interest loans can be provided to make the home or place of employment of a disabled veteran handicapped-accessible.

## **Councils and Commissions**

### **Commission on a Maryland Women in Military Service Monument**

Although approximately 400 memorials in the State are dedicated to veterans, none of the memorials are dedicated solely to women service members. *Senate Bill 896/House Bill 1070 (both passed)* create the Commission on the Establishment of a Maryland Women in Military Service Monument. The commission is to identify and recommend the funding, design, construction, and placement of an appropriate monument dedicated to women from Maryland who served in the uniformed forces of the United States.

### **Maryland Commission for Women**

In 2005, the General Assembly passed Senate Bill 257 (*Ch. 9*) to address concerns about the ability of the Maryland Commission for Women to take independent positions on legislation and to advocate for legislative priorities. The Governor vetoed the legislation in 2005, and the General Assembly voted to override the veto. The Act became effective February 18, 2006. The Act makes changes to the organization of the commission, including the number of members, the appointment process for the members, and requiring the commission to inform the Executive and Legislative branches on issues concerning women.

### **Maryland Public Broadcasting Commission**

The Maryland Public Broadcasting Commission operates a system for educational and cultural television programming throughout Maryland. The commission is authorized to develop radio programming and holds the federal license for broadcasting stations operated by Maryland Public Television. *Senate Bill 437 (passed)* requires the commission to keep the name, address, telephone number, contribution amount, and all other information about contributors

confidential. However, to the extent the commission determines that sharing donor information will aid in its fundraising efforts, it may share the information with nonprofit or governmental entities.

## **Miscellaneous**

### **State Buildings Energy Efficiency and Conservation Act**

Since 1978, the General Assembly has adopted several legislative proposals relating to energy efficiency and conservation in State buildings to encourage the consideration of energy efficiency in building design and establish a model for future application in the private sector. The Department of General Services, the agency responsible for the construction of many State buildings, in cooperation with the Maryland Energy Administration, must establish standards and procedures to evaluate the efficiency of building designs and set standards for energy performance. *Senate Bill 267/House Bill 1463 (both passed)* change target percentages and dates for the reduction of energy consumption in State buildings. Under these bills, the average energy consumption in State buildings must be reduced from 2005 levels by 5 percent in 2009 and 10 percent in 2010. In addition, by the end of 2007, the State must conduct an analysis of the gas and electric consumption in most State buildings.

### **Open Meetings Act**

Under current law, the State's Open Meetings Act does not apply to a public body when it is carrying out an executive function.

Chapter 533 of 2005 required the Open Meetings Compliance Board to study the use of the executive function by public bodies. *Senate Bill 406/House Bill 698 (both passed)* implement the recommendations of the study by replacing the term "executive function," with the term "administrative function," under the Open Meetings Act. An administrative function is the administration of a State law, a law of a political subdivision, or a rule, regulation, or bylaw of a public body. The bills further provide that if a public body recesses an open session to carry out an administrative function in a meeting that is not open to the public, the minutes for the next meeting must include (1) a statement of the date, time, place, and persons present at the administrative function meeting and (2) a phrase or sentence identifying the subject matter discussed at that meeting.

### **Asian Lunar New Year Day**

Approximately 255,000 Asians live in Maryland, representing almost 5 percent of the State's population. Statewide, the Asian community represents the second fastest growing ethnic group. *Senate Bill 89/House Bill 324 (both passed)* require the Governor to proclaim the day designated as the New Year on the Asian Lunar Calendar as Asian Lunar New Year Day in recognition of the economic and cultural contributions of the many members of the State for whom this day holds special significance.

## Elections

### Conduct of Elections

#### Early Voting

At the beginning of the 2006 session, the General Assembly overrode the Governor's veto of 2005 legislation allowing early voting, Senate Bill 478 (*Ch. 5*), and on demand absentee voting, House Bill 622 (*Ch. 6*). Senate Bill 478 allows voters to vote at early voting polling places from the Tuesday through the Saturday before an election during an 8-hour period each day. House Bill 622 eliminates the requirement in State law that a person give a specified reason when applying to vote by absentee ballot.

Senate Bill 478 of 2005 also required the local election boards in the "Big 7" local jurisdictions (Baltimore City and Anne Arundel, Baltimore, Harford, Howard, Montgomery and Prince George's counties) to establish at least three early voting polling places in the boards' respective counties. Local election boards in the remaining counties are required to establish at least one early voting polling place. *House Bill 1368 (Ch. 61)*, which makes a number of changes to State election law, further defines early voting requirements by establishing three specific locations for early voting polling places in each of the "Big 7" jurisdictions, extending early voting hours from 8 hours each day to 7 a.m. to 8 p.m. each day (the usual time period for voting on a regular election day), and requiring the State and local election boards to conduct voter outreach regarding early voting and the location of early voting polling places. *House Bill 1368* requires that the 17 local jurisdictions other than the "Big 7" establish a single early voting polling place in the county seat, except for Charles County, where the polling place must be in Waldorf.

*House Bill 1368* also requires election day and early voting polling places to be equipped with electronic poll books (e-poll books), which the State Board of Elections has recommended be used to implement early voting. The e-poll books would help prevent voter fraud by allowing election judges at each polling place to have immediate updates about which voters have already voted and generally would make the process more efficient. Funding is included in the fiscal 2007 budget bill for the e-poll books as part of a fiscal 2006 deficiency appropriation for costs associated with early voting.

#### Polling Places at Higher Education Institutions

In addition to addressing early voting requirements, *House Bill 1368* requires that local election boards establish a separate precinct at or within one-half mile of a public or private higher education institution at which 500 students, faculty, and staff are registered voters in the precinct in which the institution is located. If a precinct is already located within one-half mile of an institution, a separate precinct at the institution is not required to be established.

### **Oversight of Local Election Boards**

In provisions that apply only to local jurisdictions in which, based on 2000 Decennial Census data, less than 60 percent of the population lives in owner-occupied dwellings and the median income is less than \$40,000 per year, *House Bill 1368* allows the State Administrator and a registered voter or applicant for voter registration after first petitioning the administrator to do so, to sue a local election board or election director to enjoin violations of State elections laws, regulations, guidelines, or procedures. In addition, the administrator is required to suspend election personnel who violate provisions of State law prohibiting those individuals from holding or being a candidate for public office, using an individual's official authority to influence or affect the results of an election, or generally being active in the management of a political campaign. These provisions, along with others relating to local election board and election director duties with respect to voter registration in any applicable jurisdictions, are only effective through June 30, 2008.

### **State Board Decisions and Nursing Home/Assisted Living Facility Outreach**

*House Bill 1368* further requires that the powers and duties of the five-member State Board of Elections be exercised in accordance with a supermajority vote of the members. The bill also requires local election boards to administer voter registration and absentee voting for nursing homes and assisted living facilities in accordance with State Board procedures. The State Board already has procedures in place and a number of local election boards currently conduct voter registration and absentee voting outreach at nursing homes and, in some cases, at assisted living facilities.

### **Review of Election Day Voter Registration**

Election day voter registration is currently available to some extent (not necessarily in all counties) in Idaho, Maine, Minnesota, New Hampshire, Wisconsin, and Wyoming. In order to gain additional information about its practice, *House Bill 1368* requires the State Administrator and the Office of the Attorney General to conduct a review regarding the possibility of implementing election day voter registration in Maryland starting with the 2008 primary elections. Findings and recommendations must be reported to the Governor and the General Assembly by December 31, 2006.

### **Voting Systems – Voter-verified Paper Records**

The use of computerized voting systems, known as direct recording electronic systems (DREs), has increased over the past several years since the controversial recount in Florida during the 2000 presidential election. Maryland voters, with the exception of those in Baltimore City, used DRE voting machines across the State during the 2004 presidential elections, and the DRE machines will be used statewide during the 2006 gubernatorial elections. The cost of the State's current DRE system is shared by the State and the counties, a significant portion of which remains unpaid.

Constituencies in the election and computer science communities have voiced concern about the overall security of Maryland's DRE system and have expressed the need for independent verification systems to ensure the accuracy of electronic voting records and the absence of manipulation by outside parties. A voting system that produces voter-verified paper records, allowing a voter to review a printout before casting a final vote, is one method of independent verification of election results that has been championed by some individuals.

With elections approaching in September and November of 2006, legislation was introduced requiring the State's voting system to be capable of producing voter-verified paper records by those elections. *House Bill 244 (failed)* would have required the State Board to lease an optical scan voting system for use in the 2006 gubernatorial elections and select and certify a voting system that would produce a voter-verified paper record for use in subsequent elections. The bill also would have required the certification of the hardware and software of the voting system prior to each election and a mandatory post-election random audit of the election results. *Senate Bill 713 (failed)* would have retained the State's current DRE voting system for the 2006 elections, but would have required that a voting system capable of producing voter-verified paper records be implemented for elections occurring on or after January 1, 2008.

The fiscal 2007 budget bill included \$50.4 million (divided almost equally between State general funds and special funds collected from the counties) to implement a voting system capable of producing voter-verified paper records or to modify the State's existing DRE system. The majority of the appropriation was contingent on the passage of *Senate Bill 713, House Bill 244*, or similar legislation requiring the replacement or modification of the State's existing voting system.

### **Voter Registration and Voter Identification**

Certain current and former law enforcement personnel, persons being threatened, victims of or witnesses to a felony, and other persons who generally may be endangered or subject to an unwarranted and serious invasion of privacy if their voter registration information is made available to the public, may request that their local election board designate their residence addresses and telephone numbers as confidential. *Senate Bill 124 (Ch. 41)*, aimed at maintaining that confidentiality, authorizes an alternate verification method other than address verification to be used for these voters when checking in at a polling place, thereby allowing any affected voter's address to be left off of the precinct register. To protect the privacy of absentee voters, the bill also ensures that absentee ballot results are not reported by precinct.

Privacy of voter registration information also was addressed by *House Bill 800 (passed)*, which generally prohibits persons assisting with voter registration from copying or collecting information on a voter registration application that is protected from public disclosure, including a person's driver's license number and Social Security number. The person providing voter registration assistance also may not use that information for unauthorized purposes and may not receive any form of compensation based on the number of voter registration applications collected. The bill also allows a federal write-in absentee ballot, generally used by members of the military and their families and persons living overseas, to serve as a voter registration

application and allows a local election board to file a complaint if the board has reason to believe a voter registration has been erroneously added or omitted from the statewide voter registration list.

### **Provisional Ballots**

The General Assembly also overrode the Governor’s veto of legislation during the 2005 session to enact Senate Bill 287 (*Ch. 4*) which establishes procedures for counting provisional ballots and challenging a voter’s identity at the polls, and sets civil and criminal penalties for certain conduct at the polls. Under the Act, local election boards may count only the candidates or questions on a provisional ballot that are applicable to the precinct in which the voter resides. The Act also provides that an individual whose identity is challenged at the polls on election day may establish their identity in order to vote by regular ballot by presenting various specified forms of identification and makes it a misdemeanor to influence a voter’s decision whether to go to the polls and vote through the use of threat force, menace, intimidation, bribe, reward, or offer of reward. Civil penalties are established for attiring or equipping an individual in a manner that creates the appearance that the individual is performing an official or governmental function in connection with an election. *Senate Bill 461/House Bill 539 (both passed)* clarify that a person may not attire or equip an individual in such a manner at or within the electioneering boundary at the polling place and a person who is in violation of that provision is guilty of a misdemeanor and subject to criminal penalties.

### **Nomination of Candidates**

The Maryland Court of Appeals in *Green Party v. Maryland Board of Elections*, 377 Md. 127, 832 A.2d 214 (2003) invalidated a State law requiring a nonprincipal political party candidate to complete a nominating petition in order to be placed on the ballot. Under that law, a petition candidate must submit a nominating petition signed by at least 1 percent of the total number of registered voters (or a minimum of 250 voters) who are eligible to vote for the office for which the nomination by petition is sought. *Senate Bill 129 (passed)* makes State election law consistent with the court’s ruling, allowing a nonprincipal political party to nominate candidates (with the exception of a candidate for a nonpartisan county board of education) according to its adopted constitution and by-laws, without having to file a petition.

### **Election of Circuit Court Judges**

Circuit court judges currently are nominated by voters from the two principal political parties during a primary election. *Senate Bill 324 (failed)* would have allowed any voter, regardless of party affiliation or lack thereof, to vote at a primary election for the number of circuit court judge candidates for which there were offices to be filled. For further discussion of *Senate Bill 324*, see subpart “Judges and Court Administration” within Part F – Courts and Civil Proceedings of this *90 Day Report*.

## Miscellaneous Procedural and Administrative Matters

*Senate Bill 101 (Ch. 65)* clarifies that the purpose of requiring staff of the State and local election boards to verify petition signatures is to ensure that the names of the individuals who signed the petition are registered voters, not to verify the authenticity of the signatures, in acknowledgement of the administrative and practical difficulty in adhering to that requirement.

## Campaign Finance

### Restrictions on Political Activity of USM Board of Regents

*House Bill 1674 (Ch. 60)* prohibits a member of the Board of Regents of the University System of Maryland from engaging in political fundraising activity and from being a candidate for a public office while serving on the board. For further discussion of the bill, see the subpart “Higher Education” within Part L – State Government of this *90 Day Report*.

### Public Financing of Campaigns

Public campaign finance programs that provide full funding of candidate campaigns are a relatively new concept at the state level. However, some states, including Arizona and Maine have instituted public funding programs in the past several years. During the 2004 elections, Arizona had 61 percent participation in its program, and Maine had 78 percent participation. A Study Commission on Public Financing of Campaigns in Maryland created by the General Assembly in 2002 reported its findings and recommendations in 2004. The Commission recommended the establishment of a system of publicly funded campaigns for the statewide offices of Governor/Lieutenant Governor, Comptroller, Attorney General, and candidates for the General Assembly. *House Bill 1054* and *Senate Bill 569 (both failed)* would have established public financing for General Assembly candidates only. Under both *House Bill 1054* and *Senate Bill 569*, funding for the program and the newly established Election Financing Commission would have come primarily from a \$7.5 million annual appropriation from the disposition of abandoned property in the State and a \$5 tax check-off on Maryland State income tax returns.

### Campaign Finance Entities and Reporting

A personal treasurer and a political committee currently are the two basic types of campaign finance entities that may engage in campaign fundraising activity under the State election law. The law differentiates between continuing (established for multiple elections) and noncontinuing (established for one election) political committees with respect to campaign finance reporting requirements. Continuing political committees are generally required to file a series of campaign finance reports with respect to each election regardless of their involvement in the election. This requirement has been the source of much confusion and may have caused an increase in the level of noncompliance of political committees that do not meet reporting requirements for elections in which the committee is not involved. *Senate Bill 112 (passed)*, abolishes the personal treasurer as a form of campaign finance entity and streamlines the political committee reporting process, requiring a campaign finance entity to designate – at the time of its

formation – the elections in which it will participate, and only making the entity subject to reporting requirements with respect to those elections. The bill also requires that all campaign finance reports be filed with the State Board of Elections, instead of requiring that certain reports relating to local campaigns be filed with local boards and others be filed with the State Board.

*Senate Bill 105 (Ch. 66)* allows unpaid campaign finance report late fees to be referred to the Central Collection Unit of the Department of Budget and Management for collection. The Act embodies a recommendation by the State Board of Elections in a report filed in accordance with the 2004 *Joint Chairmen's Report* and is intended to bring about a more effective and efficient way to collect late fees. The report showed a backlog of late fees that, at the time, had accumulated – over \$250,000. The Act also prohibits a person from signing another person's name on campaign finance reports and other documents without the person's consent.

### **Ballot Issue Committees**

*Senate Bill 122 (Ch. 40)* aligns State law with current administrative practice by requiring a political committee formed to promote the success or defeat of a ballot question to file a campaign finance report before and after a general election.

## **Ethics**

### **University System of Maryland – Board of Regents**

The Board of Regents of the University System of Maryland is subject to several new ethics-related restrictions under *House Bill 1674 (Ch. 60)*. The Act prohibits a member of the board from engaging in campaign fund-raising activities on behalf of the Governor, the Lieutenant Governor, the Attorney General, the Comptroller, a member of the General Assembly, or a candidate for any of those offices. These prohibitions closely track provisions of the Ethics Law that are applicable to regulated lobbyists. Additionally, *House Bill 1674* prohibits a member of the Board of Regents from being a candidate for public office while serving on the board.

After its passage, the bill was vetoed by the Governor, and the veto was overridden by the General Assembly.

### **Design Services for Construction Projects**

Generally, the Ethics Law prohibits individuals or firms that assist in drafting the specifications or other elements of a future procurement contract from submitting a bid or proposal for that contract. Individuals or firms that provide architectural and engineering services for the design of a State construction project are exempt from the prohibition if the anticipated value of the project is between \$2.5 million and \$100 million and the design services do not involve lead or prime design responsibilities on behalf of the State.

*Senate Bill 971 (passed)* broadens the exemption so that an individual or firm may submit a bid or proposal, regardless of the amount of the procurement contract, if the payment to the individual or firm for the design services does not exceed \$500,000. The bill's provisions terminate on June 30, 2008.

### **Washington Suburban Sanitary Commission**

*House Bill 1076 (passed)* makes a variety of changes to ethics provisions relating to the Washington Suburban Sanitary Commission (WSSC). In 2003, the WSSC adopted regulations for a Code of Ethics, including standards for conflicts of interest, financial disclosure, lobbying disclosure, and ethics in public contracting. The Code of Ethics established an independent Board of Ethics to assist the agency in maintaining these ethical standards. The Board of Ethics is composed of three members appointed by WSSC.

The bill authorizes the Board of Ethics to administer oaths. It provides for judicial review for a person aggrieved by a final order of the Board of Ethics and allows for an order of the board to be stayed. Additionally, the bill authorizes WSSC to seek judicial enforcement of an order of the Board of Ethics and to ensure compliance with its regulations regarding conflicts of interest, financial disclosure, lobbying, and ethics in public contracting.

*House Bill 1076* explicitly prohibits WSSC commissioners, employees, contractors, and subcontractors from violating any provision of the Maryland Public Ethics Law, or ethics regulations of WSSC regarding conflicts of interest, financial disclosure, lobbying, and ethics in public contracting. Finally, the bill empowers a court to compel compliance with an order of the Board of Ethics or with WSSC regulations regarding conflicts of interest, financial disclosure, lobbying, or ethics in public contracting, and impose a fine of up to \$5,000 for violators.

### **Conflicts of Interest**

The Maryland Public Ethics Law imposes conflict of interest standards on officials and employees in Executive Branch agencies so that regulators will not have financial interests in entities that are subject to their agency's authority. This can sometimes result in agencies having trouble employing individuals with needed expertise, or in a particularly appropriate individual being excluded from possible appointment to an advisory board.

*House Bill 588 (failed)* would have provided exemptions from conflict of interest restrictions to officials and employees of the Department of Agriculture and to members of the Bay Restoration Fund Advisory Committee. If a lobbyist were appointed to the Bay Restoration Committee, the lobbyist would have been allowed to continue lobbying and would not have been subject to restrictions on future representation of entities affected by the work of the committee. Officials and employees of the Department of Agriculture would have been allowed employment by or a financial interest in a farm business.

Under *Senate Bill 793 (failed)* the Secretary of Agriculture would have been authorized to request from the State Ethics Commission an exemption from the restrictions on behalf of officials and employees of the Department of Agriculture.

## Procurement

During the 2006 session, the General Assembly created, expanded, and strengthened programs that promote minority and small business participation in State contracting. It also established new exemptions from State procurement laws for some State postsecondary educational institutions and local food growers.

### Minority and Small Business Programs

*Senate Bill 884/House Bill 869 (both passed)* extend the Minority Business Enterprise (MBE) program's expiration date by five years, until 2011, and require the Maryland Department of Transportation (MDOT) to produce a report on the program's effectiveness by September 30, 2010. This marks the fourth time since the MBE program assumed its present form in 1990 that it has been extended. The program's goal is for 25 percent of all State contracting dollars to be awarded to MBEs, including 7 percent to African American owned businesses and 10 percent to women owned businesses. The program's extension acknowledges that while Maryland has increased its share of MBE contracting in recent years, it has not yet achieved its goals. MDOT's 2006 study found that from 2000 through 2005, 14.8 percent of State contracting dollars went to MBEs, including 3.5 percent to African American owned businesses and 6.4 percent to white women owned businesses.

The need to obtain bonds can be a major impediment to small businesses that wish to bid on State contracts. Under current law, the State may (and in some cases must) require contractors that bid on and are awarded State contracts in excess of \$100,000 to purchase bonds protecting the State and subcontractors from financial losses in the event that the contractor defaults. Small businesses, especially new businesses without a proven track record, often have a difficult time obtaining bonds from established commercial bonding agencies because the businesses cannot demonstrate that they are a worthy financial risk. To foster the growth of small businesses, *Senate Bill 391/House Bill 169 (both passed)* make it easier for small businesses to obtain the bonds necessary to bid on and win State contracts by increasing, from \$1 million to \$5 million, the size of the bonds that the Maryland Small Business Development Financing Authority may issue to small businesses that bid on State contracts. The legislation also allows bidders and contractors to use bonds issued by individual sureties when bidding on State contracts. For small businesses without a proven work history, individual surety bonds can be easier to obtain than bonds from established commercial agencies.

The Small Business Reserve program, established in 2004 and scheduled to end in 2007, is another mechanism for increasing small business participation in State contracting. The program requires State agencies to structure their procurement practices so that 10 percent of the total value of their contracts is awarded to small businesses. To facilitate tracking of agencies' progress in meeting the program's goal, *House Bill 688 (passed)* requires State agencies to provide detailed reports on their planned and actual contracting with small businesses. Although agencies are already required to report annually on their SBR contracting, the 2006 legislation requires each agency to specify the number and value of all contracts and of contracts awarded to small businesses for the prior fiscal year and for the upcoming fiscal year.

The General Assembly also passed *Senate Bill 171/House Bill 300 (both passed)* to encourage banks to support the development of small and minority owned businesses through loans, technical assistance, and investments in their communities. The legislation implements the recommendations of the Task Force on Lending Equity within Financial Institutions Providing State Depository Services, requiring that the Treasurer consider several new factors before deciding whether to deposit State funds into a bank or otherwise use the financial services of a bank. In assessing whether to use a bank, the Treasurer must assign 15 percent of the weight of the decision to an assessment of the bank's record of (1) lending money to or otherwise fostering the growth of small and minority owned businesses, (2) adhering to antidiscrimination statutes and regulations, and (3) investing in its community.

### **Exemptions from Procurement Statutes**

*Senate Bill 444/House Bill 1501 (both passed)* expand the autonomy of St. Mary's College of Maryland and Morgan State University to procure goods and services and manage capital improvement projects on their campuses. For a more detailed discussion of this issue, see the subpart "Higher Education" within Part L – Education of this *90 Day Report*.

*House Bill 883 (passed)* establishes a price preference for in-state food growers who bid on State food service contracts. Normally, the State would accept the lowest-priced bid from a qualified vendor for food service contracts in State facilities. However, under this bill, in-state food growers or distributors of locally grown food will be able to bid 5 percent higher than the lowest acceptable bid and still be awarded a State food service contract if their proposal meets all other requirements specified by the procurement.

### **Miscellaneous Procurement Proposals**

#### **Biodiesel Fuel for State Vehicle Fleet**

By requiring half of all diesel-powered vehicles in the State vehicle fleet to use a blend of biodiesel fuel, *Senate Bill 54 (passed)* will reduce harmful emissions from State vehicles without significantly increasing fuel costs. Pure biodiesel fuel is derived from renewable sources like vegetable oils and animal fats, so it burns cleaner than regular diesel fuel. Pure biodiesel can be blended with regular diesel fuel for use in existing diesel engines, thereby reducing vehicle emissions of carbon monoxide and sulfur dioxide. The bill requires that half of all diesel-powered vehicles in the State fleet use a blend consisting of 5 percent biodiesel, which currently costs about the same as regular diesel fuel. The bill mostly will affect buses operated by the Maryland Transit Authority, the largest consumer of diesel fuel among State agencies.

#### **Children Living in Group Homes**

*Senate Bill 822/House Bill 813 (both passed)* address the inconsistent or inadequate services provided to children living in group homes by requiring the Governor's Office for Children to develop a State Resource Plan for Residential Child Care programs. The plan will identify the types of services needed in all group homes and provide guidance and resources to

ensure that all children have access to the services they need. The plan will provide a framework for all future State procurement of residential child care services.

### **eMaryland Marketplace**

*Senate Bill 794/House Bill 819 (both passed)* eliminate user fees for vendors who access eMaryland Marketplace (eMM) to obtain notices of State procurements and submit contract bids. eMM is a web-based portal that allows State agencies to post procurement notices, receive contract bids, and announce contract awards. State agencies collect fees from companies that submit winning bids or proposals to pay for the cost of maintaining eMM. The fiscal 2007 State budget includes \$1.5 million to replace the revenue raised from the prior fees and pay for the maintenance of eMM.

### **Commercial Nondiscrimination Policy**

*Senate Bill 897 (passed)* prohibits the State from contracting with any firm that has discriminated against subcontractors, suppliers, vendors, or commercial customers on the basis of their race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, disability, or any otherwise unlawful form of discrimination. It also requires bidders on State contracts to certify that they have not engaged in discrimination, and contractors must agree to abide by the State's nondiscrimination policy. Contractors that are found to have violated the policy are subject to a range of sanctions, including prohibition from entering into contracts with the State and criminal prosecution.

### **Small Procurements by Local School Systems**

*House Bill 569 (Ch. 95)* increases, from \$15,000 to \$25,000, the maximum size of a contract into which local school systems may enter without first advertising the procurement. The proposed higher amount equals the current threshold for "small procurements" in State law; thus, under the Act, if the State threshold is altered, the same change will apply to local school systems.

## **Personnel**

### **Budget Actions on State Personnel**

#### **Employee Compensation**

The regular employee compensation package funded for fiscal 2007 provides a number of enhancements compared to fiscal 2006. Enhancements include a \$600 State match for employee contributions to individual deferred compensation plans and merit increases for employees performing at or above established standards for their classifications. The general salary increase for fiscal 2007 will be \$900 for employees making a base salary of less than a \$45,000 per year on an annualized basis, \$1,400 for employees making a base salary more than \$70,000 per year on an annualized basis, and two percent for the remaining workforce. As a result, employees

will receive general salary increases ranging from 1.2 to 4.2 percent based upon their salaries, with approximately 87 percent of the workforce receiving 2.0 percent or more.

### **Position Cap**

In fiscal 2007, the regular State workforce will increase by 1.6 percent, or 1,254 positions. The General Assembly set the fiscal 2007 position cap at 52,432 full-time equivalent executive branch positions. The Maryland Aviation Administration and the Maryland Port Administration are excluded from the cap this year in recognition of their functions as enterprise agencies within State government, where increased numbers of positions are absorbed within the assessments of private enterprises. Higher education agencies have been excluded from the executive branch position cap for a number of years.

For a more detailed discussion of budget actions on State Personnel, see Part A – Budget and State Aid of this *90 Day Report*.

### **Collective Bargaining Revisions**

*Senate Bill 348 (Ch. 62)* amends a number of laws that govern collective bargaining for many State employees. These changes constitute the first revisions to the collective bargaining process which was first codified in 1999. Generally, the Act:

- expands the definition of collective bargaining to include the administration of terms and conditions of employment and the voluntary adjustment of a dispute or disagreement between authorized representatives of employees and their employer that arises under a memorandum of understanding or other written understanding;
- makes the State Labor Relations Board an independent unit of State government and alters the board's membership;
- codifies what constitutes unfair labor practices;
- requires that the Department of Budget and Management provide an exclusive representative with certain information regarding employees in a bargaining unit; and
- authorizes either party in the collective bargaining process to request that a neutral third-party fact finder be employed if negotiations for the next fiscal year do not conclude by October 25. The fact finder may conduct hearings, administer oaths, and issue subpoenas.

The General Assembly passed *Senate Bill 348*, and the Governor subsequently vetoed the bill during the 2006 legislative session; however, the General Assembly overrode the gubernatorial veto before it adjourned *sine die*.

## **Military Administrative Leave**

Chapter 389 of 2003 authorizes State employees who serve in the military to receive paid leave while on active duty. The leave is limited to the difference between a member's federal active duty base salary and State base salary or direct wages and may not exceed an employee's State salary. Eligible employees must elect to use the military administrative leave authorized by the Act or the fully paid military leave (up to 15 days) allowed under a separate provision of law. Chapter 389 took effect July 1, 2003, and it was originally set to terminate on June 30, 2004. However, the termination date was subsequently extended by law, first to June 30, 2005 and then again to June 30, 2006.

*Senate Bill 34/House Bill 34 (both passed)* repeal the June 30, 2006, termination date for military administrative leave for regular employees in all branches of State government who were on, or called to, active duty on or after July 1, 2003.

## **Appointment of Veterans**

With certain exceptions, eligible veterans receive additional points on any selection test for appointment in the skilled and professional services in the State Personnel Management System. A veteran who has been honorably discharged from military service or has received a certificate of satisfactory completion of military service, the spouse of an eligible veteran with a service-connected disability, or the surviving spouse of a deceased eligible veteran receives 10 points on any selection test. An eligible veteran with a service connected disability receives 2 additional points on any selection test, for a total of 12 points. *Senate Bill 732 (passed)* expands the definition of "eligible veteran", for the purpose of providing additional points on selection tests for State employment, to include individuals who have served in the National Guard or military reserves. The bill also adds former prisoners of war to the list of veterans who can receive an additional 2 points on a selection test for State employment.

## **State Prescription Drug Benefit Plan – Copayments**

In fiscal 2006 and 2007, the prescription drug benefit plan must charge the following copayments: (1) \$5 for generic drugs; (2) \$15 for preferred drugs on the State formulary; and (3) \$25 for drugs that are not preferred drugs on the State formulary. The State plan also must offer a voluntary mail order option with the same copayments. The drug plan may charge the same copayment for each 45-day prescription. For each fiscal year, the total amount of copayments charged to the enrollee may not exceed \$700. With the enactment of *Senate Bill 430 (Ch. 28)*, however, the maximum copayment for each 90-day prescription filled using the voluntary mail order option may not exceed \$20. This copayment will still apply toward the \$700 cap.

## **State Personnel Reform**

A number of bills were introduced during the 2006 legislative session to reform the State's personnel systems. *House Bill 447 (failed)* would have (1) established the Department of

Personnel as a principal unit in the Executive Branch; (2) repealed the authority of the Secretary of Transportation to establish an independent personnel management system for the Maryland Department of Transportation; and (3) limited the number of special appointees in State service.

*Senate Bill 1068 (failed)* would have prohibited the Governor's Appointments Office from superseding or interfering with any function assigned by law to (1) an appointing authority in the Executive Branch; or (2) the Secretary of Budget and Management or any unit of the department. Additionally, the bill would have specified the exclusive powers of an appointing authority.

*Senate Bill 1069 (failed)* would have provided that special appointments in the skilled, professional, and management services of the State Personnel Management System must be provided with position descriptions and evaluated as prescribed in statute. In addition, it would have clarified that an employee under a special appointment or in the management or executive services may be terminated from employment for any reason that is not illegal or unconstitutional, solely in the discretion of the appointing authority. The Secretary of Budget and Management would have been required to develop a process through which all at-will employees would be periodically notified of their at-will status.

## **Pensions and Retirement**

### **Teacher and State Employee Pension Enhancement**

After expressing an intent in the Budget Reconciliation and Financing Act of 2005 to enhance teacher and State employee pensions during the 2006 session, the General Assembly passed *Senate Bill 1019/House Bill 1737 (both passed)*. These bills enhance pension benefits for all members of the Teachers' Pension System (TPS) and the Employees' Pension System (EPS). They also allow the 120 local governments who participate in EPS the option of electing to participate in the enhanced benefits as long as they do so by June 30, 2007. The bills also extend the enhanced benefits to Selection C members of the Employees' Retirement System (ERS) and Teachers' Retirement System. Finally, the bills require the Joint Committee on Pensions to conduct a study of the State Retirement and Pension System (SRPS) and other similarly situation public pension plans every five years.

#### **Benefit Enhancements**

*Senate Bill 1019/House Bill 1737* address one of the most commonly used measures of a pension system's benefit level which is known as the benefit "multiplier." The benefit multiplier is the percentage of an employee's average final salary that the individual earns each year toward a retirement benefit. To determine pension benefits that an individual will receive on retirement, the formula multiplies years of service x average final compensation x the statutory benefit multiplier.

*Senate Bill 1019/House Bill 1737* increase the statutory benefit multiplier used to calculate a retiree's annual payment from its current level of 1.4 to 1.8 percent and applies the

higher multiplier retroactively to service credit earned since July 1, 1998. To help pay for the enhanced benefits, teachers and employees will contribute 5 percent of their annual compensation, up from the current level of 2 percent. However, this increase will be phased in over a three-year period for all teachers, State employees, and employees of participating local governments that opt for the enhanced benefit (3 percent on July 1, 2006; 4 percent on July 1, 2007; and 5 percent on July 1, 2008, and thereafter). **Exhibit 1** shows the effect that the enhancement has on first-year retirement benefits as a percentage of average final salary for TPS/EPS members who joined the systems at different times. **Exhibit 2** shows the effect *Senate Bill 1019/House Bill 1737* will have on Maryland’s pension benefits as compared to other neighboring states.

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**Exhibit 1**  
**First-year Pension Payments for Future TPS/EPS Retirees**  
**As a Percentage of Average Final Salary\***

	<b>Member Retires July 1, 2006</b>	<b>Member Retires July 1, 2011</b>	<b>Member Retires July 1, 2020</b>	<b>Member Retires July 1, 2028</b>
Current	37.6%	38.6%	40.4%	42.0%
SB 1019/HB 1737	40.8%	43.8%	49.2%	54.0%

\*Assumes normal service retirement with 30 years of service credit; does not include Social Security or other retirement savings.

Source: Department of Legislative Services

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**Exhibit 2**  
**Pension Plan Characteristics in Mid-Atlantic States**

	<u>Employee Contribution</u>	<u>Accrual Rate</u>	<u>Annual COLAs</u>
Maryland (SB 1019/HB 1737)	5.0% (phased in over 3 years)	1.8%	CPI up to 3%
Pennsylvania			
–Teachers	7.5%	2.5%	None**
–Employees	6.5%	2.0%	
Delaware	3.0% on income above \$6,000	1.85%	None**
Virginia	5.0%	1.7%	CPI up to 3%, then 0.5% for each CPI point
West Virginia*			
–Teachers (closed)	6.0%	2.0%	None**
– Employees	4.5%	2.0%	

\*West Virginia's defined benefit pension plan for teachers was closed to new members in 1991; until 2005, it operated a defined contribution plan for teachers, but then decided to re-open the defined benefit plan.

\*\*Considered on an annual basis

Source: Department of Legislative Services

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### **Cost of Enhancements**

As a result of *Senate Bill 1019/House Bill 1737*, total State pension liabilities over the next 25 years are estimated to increase by \$1.8 billion. With the State responsible for paying the full employer share of that liability for all teachers and State employees, State pension contributions increase by \$120.4 million in fiscal 2008 and are expected to grow by 4 percent annually thereafter. Of that amount, \$104.6 million (87 percent) is expected to be from general funds, with the remainder estimated to be equally divided between special and federal funds. TPS enhancements account for 68 percent of the total cost of the bills, while EPS enhancements are responsible for the remaining 32 percent.

The combined pension liabilities for local governments that opt for the enhanced benefit could increase by \$376 million, assuming that all eligible local governments choose to participate. There is no additional cost to the State for local governments that participate in the enhanced benefit for their employees.

## Peer Study

*Senate Bill 1019/House Bill 1737* also require the Joint Committee on Pensions to contract with an actuarial consulting firm every five years, beginning in September 2008, to conduct a comprehensive study of the plans that comprise the SRPS and other similarly situated plans. Specifically, the peer study will examine the funding status, membership composition, and benefit levels of the State plans and other public pension plans.

## Other Post-employment Benefits

In addition to providing pension benefits to all regular State employees, the State offers other post-employment benefits (OPEB) to retired State employees, the most significant being subsidized health insurance. To date, the State has paid for retiree health insurance on a pay-as-you-go basis, paying its share of the insurance premiums for current retirees on an annual basis. An actuarial valuation commissioned by the Task Force to Study Retiree Health Care Funding Options, established by Chapter 298 of 2005, revealed the State's OPEB liability to be approximately \$20 billion. Under new accounting rules put forth by the Government Accounting Standards Board, the State will be required to recognize those liabilities on its balance sheet unless it begins making annual payments of between \$1.1 and \$1.6 billion in addition to current retiree health payments being made. Including those liabilities on its balance sheet could imperil the State's AAA bond rating if the State fails to address the problem.

To follow up on the work of the task force, *Senate Bill 431/House Bill 1125 (both passed)* created a Blue Ribbon Commission to Study Retiree Health Care Funding Options. The commission will consist of members of the Legislative and Executive branches of State government as well as three private citizens with expertise in funding retiree health benefits, the economics of affordable retiree health care programs, or investing pension fund assets. The commission is charged with studying options for paying the State's existing liabilities and reducing its future liabilities. To provide updated estimates of the State's liabilities, the commission may contract with different actuarial firms to conduct up to two actuarial valuations of its OPEB liabilities each year. The commission is also authorized to contract with a health care consulting firm to advise it on restructuring the State's health benefits. The Blue Ribbon Commission will terminate after three years and is required to issue its final report to the Governor and General Assembly by December 31, 2008.

In addition to the bills creating a Blue Ribbon Commission, *Senate Bill 860/House Bill 642 (both passed)* allow for local governments to invest funds set aside to pay for OPEB liabilities in the same way that they invest pension funds. This legislation allows them to invest OPEB funds in higher risk securities, including stocks and real estate, enabling them to get a higher return and pay off their OPEB liabilities at a faster rate.

## Correctional Officers' Retirement System

During the 2006 session, numerous pension bills were passed to assist correctional officers throughout the State. *Senate Bill 255/House Bill 676 (both passed)* include individuals

serving as dietary, maintenance, and supply officers in State correctional facilities in the Correctional Officers' Retirement System (CORS) as a condition of their employment.

*Senate Bill 475/House Bill 1489 (both passed)* create a municipal pool within CORS for local detention center officers, allowing local governments to elect to join the CORS municipal pool if at least 60 percent of their detention center officers approve and if the local legislative body ratifies the decision.

*Senate Bill 885/House Bill 673 (both passed)* establish a line-of-duty death benefit for spouses and children of correctional officers who are killed in the line of duty. By establishing a line of duty death benefit for beneficiaries of these individuals, they are also eligible to participate in the State employees' health insurance program.

*House Bill 1364 (passed)* addresses the chronic shortage of State correctional officers by allowing retired correctional officers to return to work for no more than four years without a reduction in State retirement benefits under the pension reemployment earnings limitation.

### **Joint Committee on Pensions**

In the 2006 session, three bills were introduced by the Joint Committee on Pensions.

*House Bill 1046 (passed)* extends an exemption from the earnings limitations on ordinary disability allowances to (1) law enforcement officers who were members of the ERS or EPS at the time of retirement; (2) members of the Local Fire and Police System; and (3) two members of the SRPS who became subject to the current earnings limitation after January 1, 2005. The bill provides a similar exception as was passed in the 2005 session for other law enforcement officers that retire with an ordinary disability and return to work in a nonlaw enforcement capacity.

*House Bill 1048 (passed)* repeals the State's Special Pay Plan, which would have required certain employees to deposit unused leave balances in a tax-exempt account upon their termination or retirement. The Special Pay Plan was never implemented because the State never obtained the necessary approval from the Internal Revenue Service.

*House Bill 1430 (passed)* modifies certain provisions of the State Personnel and Pensions Article regarding the purchase of service credit, reemployment of retirees, disability reporting, and contribution deficiencies. The changes in the bill have no fiscal impact because they clarify existing practice, correct previous omissions, and simplify language.

### **Miscellaneous Pension Bills**

*Senate Bill 622/House Bill 1482 (both passed)* allow a former member of SRPS to petition the Board of Trustees of SRPS for a special disability benefit more than three years after the member terminated membership in the State Police Retirement System.

*Senate Bill 866/House Bill 777 (both passed)* allow members to claim military service credit regardless of whether they are employed by the State at the time. The bills also provide that military service credit granted to members and former members be applied to their retirement allowance at the accrual rate in effect at the time of their retirement.

*Senate Bill 185/House Bill 159 (both passed)* require employees of the City of Frostburg to become members of EPS. The bills also permit the City of Frostburg to pay for only 50 percent of employees' past service credit. *House Bill 1396 (passed)* allows St. Mary's College of Maryland to operate its own matching supplemental retirement defined contribution program for its employees.

*House Bill 1581 (passed)* permits the Sheriff of Baltimore City to elect membership in the Law Enforcement Officers' Pension System. Two other bills affecting Baltimore City officials, *Senate Bill 287/House Bill 563 (both passed)*, increase the pension allowances for Baltimore City Orphans' Court Judges.

*House Bill 1696 (passed)* allows a desk officer or retired desk officer of the Maryland General Assembly to receive up to five years of additional service credit for time that the individual was employed by the State, but not a member of the ERS or EPS.

## **Interim Study**

The House Committee on Appropriations referred three bills dealing with military service credit to the Joint Committee on Pensions for further study during the interim. *House Bill 349 (failed)* would have reduced, from 10 to 5, the number of years of service that a member of SRPS would need to accumulate to receive service credit for prior military service. *House Bill 758 (failed)* would have allowed members of SRPS to earn up to one year of service credit for National Guard service that occurs in states that neighbor Maryland. *Senate Bill 727/House Bill 738 (both failed)* were referred to interim study by both the Senate Budget and Taxation Committee and the House Appropriations Committee. The bills would have allowed a member of SRPS to earn military service credit even if that member received or was eligible to receive service credit for the same military service under another retirement system.

## **General Assembly**

### **Legislative Salary and Benefits**

The General Assembly Compensation Commission is an independent nine-member group that is charged with making recommendations every four years for changes in salary and other compensation for members of the General Assembly. The recommendations take effect automatically, unless the General Assembly acts to reduce or reject them. The report of the compensation commission was not introduced as a joint resolution this session, but rejection of its recommendations relating to pensions and travel expenses was amended into *Senate Joint 2/House Joint 1 (both passed)*, which also contained the report of the Governor's Salary

Commission. The result is that there will be no changes in the salary or other compensation for members of the General Assembly.

The General Assembly Compensation Commission had proposed no salary increases over the next four years but had recommended:

- an increase in the retirement age of legislators from 50 to 55 for early retirement and from age 60 to 62 for normal retirement (which also would have affected retiree health benefits);
- a slight increase in the total pension that could be earned by a legislator;
- expanded options for designating beneficiaries of pensions and forms of retirement allowances; and
- an increase in the district travel allowance from \$500 to \$600 annually.

None of the Commission's recommendations will take effect, and the compensation for members of the General Assembly for the 2007 to 2010 term will remain the same as that approved for the last term.

### **Office of the Legislative Auditor**

The Office of the Legislative Auditor (OLA) is a staffing agency of the General Assembly that performs fiscal/compliance audits of each unit of State government at least once every three years. It also conducts performance audits, financial audits, reviews, and investigations when directed by the Legislative Auditor, the Executive Director of the Department of Legislative Service, or General Assembly's Joint Audit Committee.

*Senate Bill 243/House Bill 210 (both passed)* authorize the Legislative Auditor to contract with consultants to assist OLA in performing its authorized duties when certain expertise is required. In addition, the bills apply a review process by the Joint Audit Committee to a local school system's response to audit findings and eliminate a requirement that OLA audit the Maryland-National Capital Park and Planning Commission at the request of either the Prince George's County Executive or County Council.

The bills require any unit that has five or more repeat audit findings to report to OLA on a quarterly basis on the efforts to correct the findings until sufficient progress is made on each finding. Additionally, the bills require the Governor and the Chief Judge of the Court of Appeals to implement processes to monitor the efforts of their respective branches of State government to correct audit findings. Finally, the bills require a report by the Governor and the Chief Judge on the adopted processes for ensuring corrective actions and an evaluation of the need for an Inspector General within each cabinet-level department and the Judiciary.

## General Assembly Elections – Public Financing

An effort to enact a system of public funding for candidates for election to the General Assembly was unsuccessful. *House Bill 1054 (failed)* would have created an Election Financing Commission and established a Public Election Fund, with funds provided through a variety of sources, including a voluntary taxpayer check-off, “abandoned property” revenues, and budgeted moneys. Beginning with the 2010 election, a candidate would qualify for public funding by raising “seed money” in small contributions. The amount of public financing in the primary or general election would be a maximum of \$50,000 for Senate candidates and \$40,000 for those running for House of Delegates. The amounts would be less in the case of delegate races in two-member or single-member districts. Candidates running in uncontested races in the primary or general election would have received significantly lower amounts.

## Annotated Code

### Code Revision

The General Assembly is nearing the completion of a long-term project to revise Maryland’s entire code of statutory laws. The purpose of the Code Revision project is to reorganize statutory provisions and restate them in clear language and a modern format. There are no substantive changes made to the law being revised. The Code Revision project is staffed by the Department of Legislative Services, and the work is exhaustively reviewed by prominent members of the legal community prior to being introduced as bills.

*Senate Bill 11 (Ch. 63)* is an extension of the 2005 Code Revision enactment, which created the Housing and Community Development Article of the Annotated Code. The 2006 session bill encompasses Division II (“Housing Authorities”) of the article and is a nonsubstantive revision of the former Article 44A of the Annotated Code.

*Senate Bill 12 (Ch. 64)*, a companion bill to the revision, corrects cross-references to the new Division II of the Housing and Community Development Article that appear in other parts of the Annotated Code of Maryland.

### Annual Corrective and Curative Bills

Because the General Assembly delegates very little editorial control to the publishers of the Annotated Code with respect to making nonsubstantive and technical changes in the Code, the Department of Legislative Services has long had the statutory authority to prepare legislation to make these sorts of changes both in the statutory text and bill titles of prior years’ enactments.

These corrective measures are the Annual Corrective Bill, *Senate Bill 207 (Ch. 44)* and the Annual Curative Bill, *Senate Bill 97 (Ch. 38)*, respectively. Neither enactment contains any substantive change.

## Joint Legislative Committees and Task Forces

### Small Group Market Health Insurance

The Joint Legislative Task Force on Small Group Market Health Insurance is composed of three senators and three delegates. Formed in 2005, it is charged with studying and making recommendations regarding various issues relating to small group market health insurance. Under *Senate Bill 325/House Bill 608 (both passed)*, the date for issuance of the group's report to the General Assembly is changed from January 1, 2006, to July 1, 2007. The bills also require the task force to study and make recommendations on two additional issues.

### Access to Mental Health Services

*Senate Bill 418/House Bill 203 (both passed)* increase the membership of the Joint Committee on Access to Mental Health Services from 8 members to 10. A delegate who serves on the Judiciary Committee and a senator from the Judicial Proceedings Committee are added.

## New Study Committees and Task Forces with Legislative Membership

Each year, the General Assembly creates temporary study committees and task forces to conduct in-depth studies of important issues that are not possible to undertake during the legislative session because of the pace of activities. The following bills relate to study committees and task forces that include members of the General Assembly in their membership.

### Incentives for Agriculture

During the 2005 interim, a joint legislative commission studied incentives to help farmers implement sound agricultural practices while helping to enhance the viability of farming in the State. The commission's recommendations were contained in *House Bill 2 (passed)*. Among the many provisions of this initiative is the creation of an Incentives for Agriculture Task Force. The membership of the task force includes two members of the Senate and two members of the House of Delegates. The group will submit a preliminary report by December 1, 2006, and a final report by October 1, 2007.

### State Assistance to Veterans

*House Bill 3 (passed)* sets up a scholarship for veterans of the Afghanistan and Iraq conflicts and requires the Maryland Department of Veterans Affairs to develop and implement an outreach and advocacy program. The bill also extends a death benefit for Maryland residents who were killed in the Afghanistan or Iraq conflicts. A Task Force to Study State Assistance to Veterans is established to study other ways in which the State can assist veterans. The task force will include one senator and one delegate in its membership. It will submit a preliminary report by December 1, 2006, and a final report by December 1, 2007.

### **Future for Growth and Development in Maryland**

As part of a measure dealing with municipal annexation, local comprehensive plans, and joint planning by local governments, *House Bill 1141 (passed)* establishes a Task Force on the Future for Growth and Development in Maryland, with a membership that includes two senators and two delegates. The task force is to study a variety of issues relating to land use, growth, and development at the local level and will report its findings by December 1, 2007.

### **Green Buildings**

*House Bill 1211 (passed)* establishes a Task Force on Green Building to evaluate and make recommendations regarding methods of facilitating public demand for environmentally sensitive communities and improving low-impact sustainable development. One member of the Senate and one member of the House of Delegates will serve on the task force. A preliminary report of its findings and recommendations is due by January 1, 2007. A final report is due by October 1, 2007.

### **Minority Participation in the Environmental Community**

A Task Force on Minority Participation in the Environmental Community is established under *Senate Bill 350/House Bill 412 (both passed)* to evaluate and make recommendations regarding methods of improving minority participation in the environmental community. Three senators and three delegates will serve on the task force. A final report of its findings and recommendations is due by July 1, 2007.

### **Transportation Funding**

*Senate Bill 850/House Bill 1345 (both passed)* require the Department of Transportation to conduct an analysis of funding needs for transit across the State and to study how transit services are funded in other states and internationally. The bills also require the department to identify funding strategies to leverage potential new federal funding. A Transportation Funding Study Steering Committee, composed of three members of the Senate, three members of the House of Delegates, the Secretary of Transportation, and the Secretary of Budget and Management, will provide guidance to the Department of Transportation in conducting the studies and analysis. A final report from the department is due by December 15, 2006.

### **Maryland Women in Military Service Monument**

A Commission on the Establishment of a Maryland Women in Military Service Monument is created under *Senate Bill 896 (passed)*. The commission builds on the work of the Task Force on the Establishment of a Maryland Women Veterans Monument, which met in 2005 and reported its recommendations. The task of the new commission is to proceed with the design, construction, and placement of an appropriate monument dedicated to the women from Maryland who currently are serving or have served in the past in the uniformed services of the United States. Membership includes one senator and one delegate, and the commission will submit a preliminary report by February 1, 2007, and a final report by September 30, 2007.

### **School Safety**

It has long been a priority in Maryland to ensure that all students attend schools that are safe and free of harassment. Further impetus was provided by the enactment of the federal No Child Left Behind law in 2002, which requires states to identify “persistently dangerous” schools. *Senate Bill 146 (passed)* establishes a Task Force on School Safety to make recommendations on a wide variety of issues relating to the safety of students. The task force includes a member of the Senate and a member of the House of Delegates, and it is required to report its findings by December 31, 2007.

### **Summit on Civic Literacy**

The Maryland Coalition for Civic Education was formed in January 2004 and includes more than 100 members. The coalition has recommended the convening of a Summit on Civic Literacy in Maryland to generate public awareness and support for the civic mission of schools, develop a mechanism to coordinate and enhance civic education in Maryland, identify best practices for civic education and engagement, and share civic education information at professional development workshops. To accomplish these goals, *Senate Bill 47 (passed)* establishes a Task Force to Convene a Summit on Civic Literacy in Maryland. Two senators and two delegates will serve on the task force. The task force will convene a summit meeting of broadly based participants and report its findings by December 31, 2006.

### **Higher Education Funding**

*Senate Bill 959/House Bill 1381 (both passed)* prohibit increases of in-state tuition during the upcoming academic year at schools in the University System of Maryland and Morgan State University. These bills also establish a Commission to Develop the Maryland Model for Funding Higher Education, which will include four members from the Senate of Maryland and four members from the House of Delegates. The commission will conduct a study and report its findings by December 31, 2006.

### **Universal Preschool Education**

By the beginning of the 2007-2008 school year, all school systems must make publicly funded pre-kindergarten programs available to all economically disadvantaged four-year-old children. *House Bill 1466 (passed)* establishes a Task Force on Universal Preschool Education to recommend to the General Assembly a conceptual framework for increasing access to early childhood education opportunities. The task force membership will include one senator and one delegate, and it will report its findings by December 1, 2007.

### **Compulsory School Attendance to Age 18**

Under current law, children who are ages 5 through 15 must attend public school, unless they are receiving regular, thorough instruction at a private school or through home schooling. The high school drop-out rate in Maryland for children 16 and older is 3.7%, with 11,064 students dropping out before graduation during the 2004-2005 school year. *Senate Bill*

**741/House Bill 36 (both passed)** establish a Task Force to Study Raising the Compulsory Public School Attendance Age to 18. The task force will have three members from the Senate and three from the House of Delegates, and it will report its findings and recommendation by December 1, 2007.

### **Delinquency Prevention and Diversion Services**

In an effort to assess the adequacy, quality, and quantity of services being provided to juvenile offenders, **House Bill 686 (passed)** establishes a Delinquency Prevention and Diversion Services Task Force. Two members of the Senate and two members of the House of Delegates will serve on the task force, and it will report its findings by July 1, 2007.

### **Shortage in the Health Care Workforce**

For the past several years, Maryland has been facing severe nursing shortages across the State. If trends in retirement and nursing program enrollment continue, the State's nursing shortage could balloon to more than 17,000 by 2012. **House Bill 1127 (passed)** creates a Statewide Commission on the Shortage in the Health Care Workforce to determine the current extent of the health care workforce shortage in the State and examine what is needed to enhance institutional capacity, enhance educational programs, and identify methods to recruit and retain health professionals. The commission includes one senator and one delegate among its members. It will report findings and recommendation on or before January 1 of each year.

### **Retiree Health Care Funding**

An actuarial valuation of the State's retiree health care liabilities revealed that the accrued liability for State retiree health benefits is approximately \$20.4 billion. A previous study, by the Task Force to Study Retiree Health Care Options that met during the 2005 interim, recommended the creation of a two-year blue ribbon commission to study all the issues involved in this serious situation and to make recommendations regarding strategies for funding the State's current retiree health liabilities and reducing future liabilities.

**Senate Bill 431/House Bill 1125 (both passed)** establishes the Blue Ribbon Commission to Study Retiree Health Care Funding Options. Three members of the Senate and three members of the House of Delegates will serve on the commission. A final report will be issued by December 31, 2008.

### **Program Evaluation (“Sunset Review”)**

The Maryland Program Evaluation Act, enacted in 1978, is utilized by the General Assembly as a mechanism to monitor and evaluate approximately 70 regulatory boards, commissions, and other agencies of the Executive Branch of State government. The Department of Legislative Services (DLS) is required under this law to periodically undertake the evaluations according to a statutorily based schedule. These evaluations are more commonly known as “sunset review” because the agencies subject to review are usually also subject to termination (“sunset”) unless legislation is enacted to reauthorize them. The methodology for conducting the

evaluations by DLS involves an extensive evaluation process by DLS staff. The goals of the process have evolved to reflect the General Assembly's interest in identifying the strengths and weaknesses of the various regulatory entities that are subject to program evaluation and addressing through legislation appropriate issues relating to the structure, performance, and practices of the agencies.

The only bill this session that extends the sunset date on a regulatory entity under the Program Evaluation Act is *House Bill 333 (passed)*, which extends the termination date of the Maryland Horse Industry Board until 2016. The bill also makes a substantive change in the law, by changing the schedule of required inspections of horse riding stables from once a year to every two years.