



***SAME BILL AND POSITION AS SENATE BILL 420**

March 15, 2007

To: Chairman and Members of the House Appropriations Committee

From: Henry Bogdan, Public Policy Director

Re: House Bill 944 - Task Force to Study the Needs and Expenditures of State Programs

Position: **SUPPORT**

The Maryland Association of Nonprofit Organizations is a statewide organization comprised of over 1600 member nonprofit agencies, associations and institutions, and our purpose is to support and enhance the effectiveness of the State's more than 24,000 nonprofit groups in carrying out their missions of public and community service. To further their effectiveness and advance their causes, we encourage nonprofit organizations to become advocates on issues of public policy that impact the interests of their clients and communities.

General funds supporting state agencies and programs have been constrained in recent years, and are projected to be insufficient to support current 'baseline' services and programs in the future.

Our current structural deficit is the result of several factors. In broad terms, our revenue structure has not kept pace with the growing cost of government. In the last 25 years there have been significant increases in the cost and demand for services at the state and local level in the United States. Yet Maryland has been one of only a handful of states where the investment of the state and local governments has not grown (relative to the economy as measured by personal income) to keep pace with these demands and responsibilities.

Since 2002 most state programs other than public education have been funded at levels that barely kept up with inflation. In many areas funding has been cut or inadequate to sustain previous levels of service, including higher education, the arts, health care, smoking cessation, and rape crisis centers. Now the state faces a possible deficit for the next fiscal year (FY 2009) that approaches 10% of its entire general fund budget. Even with dramatic revenue increases still more cutbacks may be required.

Without a true picture, and public understanding, of existing needs for state services, and of the funding required to meet the real costs of

delivering the services **that our existing programs are supposed to be providing**, the situation will continue to worsen in the next year.

The last time the General Assembly attempted a comprehensive review of funding needs for state services was during the 1991 interim.

House Bill 944 would establish a Task Force to study program needs and expenditure efficiencies in all agencies supported by general fund revenues. The Task Force is charged to examine funding and service patterns since FY 2001, and to make findings and recommendations for future staffing and program requirements, of all agencies and programs supported by state general funds, to meet current or estimated future needs or demands for service.

In the context of deciding on a reform of our revenue system, the Task Force would provide critical information – **how much revenue would be required to adequately fund the program and service goals we have already established.**

The Task Force would be headed by a Chairperson appointed jointly by the presiding officers of the House and Senate, and include 4 members of each the House and Senate, appointed by the presiding officers; 4 representatives of executive agencies, appointed by the Governor; and 6 public representatives appointed jointly by the presiding officers, to include 3 representatives of nonprofit service providers.

The Task Force would be responsible for submitting a preliminary report by Dec. 1, 2007, and a final report by Dec. 1, 2008. Staffing would be provided by the Department of Legislative Services.

We urge you to give House Bill 944 a favorable report.