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Lieutenant Governor

DAVID R. BRINKLEY
Secretary

MARC L. NICOLE
Deputy Secretary

**STATE RESERVE FUND
FY 2017 Budget Hearing**

**Testimony of
David R. Brinkley, Secretary
Department of Budget and Management**

**House Appropriations Committee
February 12, 2016**

Chairman McIntosh and members of the Committee, thank you for this opportunity to respond to the Department of Legislative Services (DLS) analysis of the State Reserve Fund budget. The Administration appreciates DLS's thorough analysis and particularly the recommendation to approve the deficiency appropriations to the Catastrophic Event Account and the Dedicated Purpose Account. Additionally, the Administration concurs with DLS's recommendation for the Department of Budget and Management (DBM), DLS, and the Comptroller's Office to issue a joint report discussing approaches to dealing with revenue volatility.

ISSUES:

Review of Rainy Day Fund Laws and Practices

The Administration agrees that maintaining an adequate balance in the Rainy Day Fund (RDF) is crucial to ensuring that the State can weather a recession, which is why the Governor's FY 2017 budget includes a \$235.3 million commitment to the RDF. Additionally, preserving an adequate RDF balance is critical to maintaining the State's AAA bond rating. The Administration supports any efforts to strengthen the RDF and stands ready to work with the General Assembly as it considers any legislation or committee narrative related to the RDF and its use.

Using Unanticipated Revenues to Address Revenue Volatility

The Administration agrees that revenue volatility is an important issue facing the State and stands ready to work with the General Assembly to find solutions. DBM has already independently studied potential remedies for the revenue volatility problem and we look forward to collaborating with our colleagues at DLS and the Comptroller's Office on this important issue.

~Effective Resource Management~

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