



**Final Report  
of  
Task Force on  
Housing and Community  
Development, and  
Economic Development,  
and Employment  
and Training**

---

January, 1987

Task Force on Housing and Community  
Development, Economic Development  
and Employment and Training

Chairman: Owen Cole, Chairman of the Board  
First Maryland Bancorp

Members:

Bernard L. Berkowitz, President  
Baltimore Economic Development Corporation

Joseph Edwards, President  
HJE Associates and former President,  
Prince Georges County Economic  
Development Corporation

R. Scott Fosler, Vice President  
Committee for Economic Development  
and former member of Montgomery  
County Council

Doris Johnson

Mark Joseph, President  
Shelter Development Corporation

David Lewis, President  
Oxford Real Estate Company

James D. Lucas  
Senior Vice President - Economic Development  
First National Bank of Maryland

Reverend Wendell Phillips  
Former member of House of Delegates

Thomas Saquella, Executive Director  
Maryland Retail Merchants Association

Fred Wolf, III, Esq.  
Frank, Conway, Bernstein  
Former Assistant Attorney General  
Department of Economic and Community Development

Transition Team Liaison:

Ernie Honig Kent

Report Coordinator:

Cinny Rosenwald  
Maryland Economic Growth Associates

December 15, 1986

## Reorganization Recommendations

Our group proposes the following major structural changes to the existing organization of State Government:

1. The Creation of a New Department of Housing and Community Development. The Task Force recommends that the existing Division of Housing and Community Development of Economic and Community Development (DECD) should be constituted as a Cabinet level entity unto itself to assure Marylanders increased opportunities for affordable housing.

- A Department of Housing and Community Development (HCD) will be able to concentrate on innovative housing initiatives which are now needed in light of the cutbacks in Federal housing grants and the ramifications of The Federal Tax Reform Act.
- The Task Force recommends that the Governor appoint a "Blue Ribbon Commission" to identify an increased role for private sector based innovative housing initiatives.
- Equally important and imperative is the development of a self-regulatory and independent auditing system to safeguard State credit and the expenditure of State funds due to the increasing complexity of housing finance.

2. The establishment of a Department of Economic and Employment Development which will incorporate the existing Department of Employment and Training as well as other employment/training programs currently managed by the Department of Human Resources.

- The Task Force recommends the consolidation of most state employment and training programs into a division of the restructured Department of Economic and Employment Development (DEED) based on the conviction that the best way to assure employment is to tie training programs directly to that Department responsible for job creation and expansion.
- Further, faced with a pattern of steadily eroding Federal funds for employment and training, the Task Force believes that this action will enable the State to maintain those programs with a

demonstrated record of success while undertaking new initiatives which need testing in the market place.

- ° Study of other state approaches has indicated a high degree of success where there is direct linkage of employment and training programs with economic development in a single department/ agency. This approach is comprehensive, cohesive and coherent.

3. D.E.E.D. should have three highly focused Divisions:

- ° Employment and Training
- ° Business Development
- ° Promotion and Tourism

Business Development could include:

- ° Enterprise Development (formerly the Division Business and Industrial Development);
- ° The Maryland Business Assistance Center;
- ° The Office of International Trade;
- ° The Sister States Program;
- ° Financing Programs

The Task Force recommends retention of the Maryland Industrial Finance Authority (MIDFA) and the Minority Small Business Development Finance Authority (MSBDFA) but consolidation of all other economic development financing programs into a single "one stop" center.

- ° Current legal restrictions prevent consolidation of MIDFA and MSBDFA.
- ° Further, retention of MSBDFA is vital to encourage and expedite minority enterprise growth.

The balance of the financing programs are conducive to consolidation. This will provide:

- ° Less confusion to borrowers and lenders.
- ° Greater flexibility, a key advantage given the diminution or elimination of Federal economic loan programs, e.g. UDAGs.

Tourism and Promotion should be elevated to a major Division in recognition that Tourism is the best money maker a State can have. Tourists spend their money in hotels, restaurants, shops, etc.; generate

sales and entertainment tax revenues while not requiring costly state or local services, e.g. education, water and sewer. Many lower skilled workers can also be employed by tourist related activities.

- Promotion should be combined with Tourism to achieve:
  - Maximum advertising value;
  - Consistency and coordination with local and regional efforts.

Employment and Training could include:

- Unemployment Insurance
- Joint Training Partnership Act (JTPA)
- Job Service

In addition, the following training programs are recommended for inclusion in this division:

- Maryland Industrial Training Program (MITP) to be moved from current D.E.C.D. and re-named "Enterprise Training".
- Investment in Jobs Opportunities (IJO) to be moved from the Department of Human Resources in order to build upon the existing J.T.P.A. based delivery system already managed by the Department of Employment and Training.
- WIN Program to be moved from the Department of Human Resources in order to build upon the same delivery system.

4. The Task Force also recommends that the Maryland Economic Development Corporation (MEDCO) powers and capabilities be expanded so that it can function as the "action arm" of the department. MEDCO's organization structure should be clarified to incorporate reporting/accountability to the Secretary of D.E.E.D.

5. Also proposed is the creation of two distinct support groups to assist Maryland's economic development efforts.

- A Business Coalition should be established which is project-oriented and designed to leverage private sector investment in specific economic development activities.

- ° The Coalition should be composed of those private economic development organizations with the resource capability to enhance D.E.E.D. project investment. For example, this could include MEGA, The Maryland Chamber of Commerce, The Greater Baltimore Committee, The Greater Washington Board of Trade and The Washington/Baltimore Regional Association.
- ° Additional members could be those Cabinet Secretaries associated with the particular projects assigned to the Business Coalition, e.g. the Department of Transportation; the Department of Natural Resources.
- ° The Secretary of D.E.E.D. could be responsible for coordination and follow-up. Examples of recent projects which the Business Coalition could have been the focal point include:
  - Eastman Kodak (new business solicitation).
  - Institute for Defense Analysis (new business start up).
  - General Motors (business retention/expansion).
  - Kelly Springfield (plant closing).
- ° An Economic Strategy Council should also be established which is issues-oriented with a mission to research and recommend actions needed for Maryland's economic growth.
- ° Composition of this Council should include leadership representing business, government, labor, media, the academic community and others. The Economic Strategy Council could incorporate such existing initiatives as the High Technology Roundtable and International Trade Policy Council and others. In addition, this Council should focus on such critical issues as education and training; state business climate and infrastructure, etc.
  - The proposed "Blue Ribbon Commission on Housing" is recommended to be a Committee of this Council.
  - The Coordinator for the Economic Strategy Council could come from the Governor's Office and draw upon such existing private/public research resources as the University

of Maryland, Regional Planning Councils and the Johns Hopkins Metro Center, etc.

6. Two other recommendations are made regarding existing Advisory and Economic Development-related Statutory Commissions, Councils, Boards, etc.

- ° That all current members submit their resignations to enable the new Governor to review, re-appoint or appoint individuals, in order to create a new environment for economic development.
- ° The D.E.E.D. Advisory Commission should be composed to strengthen a true state-local partnership by including local and regional, public and private sector economic and employment development professionals. As a group of peers, the Advisory Commission could become an informal sounding board and action arm for the Secretary.

7. Other Recommendations

- ° In order to achieve the highest level of efficiency and logic in reorganization, the Task Force also recommends the following actions:
  - ° The newly created Department of Housing and Community should assume authority for the Small Cities Program now managed by the Region III of The Federal Department of Housing and Urban Development. Small Cities Bloc grants can be used to leverage private investment and this should be a tool of the new Department which in combination with other financial incentives will result in stronger and more creative housing programs. Maryland is one of the only two states that has failed to pursue this opportunity aggressively by not assuming responsibility for the Small Cities program.
  - ° The Weatherization Program, new under the Department of Human Resources, is a "housing" function which, again, permits leveraging private and public resources. It is logical and consistent to recommend transfer of this program to the Department of Housing and Community Development.
  - ° Transfer Commercial Revitalization to D.E.E.D. This is technical assistance for business

revitalization and complements D.E.E.D. financing programs to achieve this vital function.

- ° Transfer Seafood Marketing from DECD to the Department of Agriculture because it is consistent with Agriculture's marketing Maryland harvested products.
- ° The agencies within the Cultural Administration and The St. Mary's City Commission should remain in the new Department of Housing and Community Development. This assignment should be viewed as temporary with a strong recommendation that these programs be further studied to determine a more appropriate organizational structure.
- ° The Economic Strategy Council agenda could also include review of the mission of the State Department of Planning as well as Regional Planning Councils and develop recommendations for their improved utilization to expand economic opportunities and growth.

### Conclusion

Since the Task Force recognizes that statutes and organization charts are no substitute for leadership, we have worked toward creating a structure conducive to the strong leadership and commitment to housing, economic and employment development demonstrated by Maryland's soon to be inaugurated Governor.

It is our conclusion that two strong State Departments -- Housing and Community Development and Economic and Employment Development -- will be the most effective vehicles to enable Maryland's new leadership to achieve the quality of life and economic opportunity which the citizens of our state desire and deserve.

January 16, 1987

Enclosed are copies of the Task Forces' reports on reorganization of Maryland state government. The reports have been adopted with minor modification by Governor-Elect William Donald Schaefer and Lt. Governor-Elect Melvin A. Steinberg.

The minor modifications adopted after consultation with the Chairmen of the Task Forces are listed below:

Task Force on Economic Development and Housing

Y3 H084; 2/C/ST

1. Under Federal law, the WIN Demonstration Program must be administered by the state welfare agency, therefore, it will remain in DHR.
2. Defer moving the Building Codes function to the Department of Licensing and Regulation until the new Secretary of Housing can review this further.

Task Force on the Environment and Chesapeake Bay

Y3 EN 61; 2/F/985

1. The name of the new department will be the Department of the Environment.
2. There are some changes in the functions to be pulled out of DNR as per attached chart.

Task Force on Health

Y3 HE44; 2/F/987

1. The Juvenile Service Administration will be reconstituted as an independent agency with an Executive Director directly responsible to the Governor, rather than a cabinet level department.
2. The Secretary of the new Department of Health and Mental Hygiene will be provided with additional deputies in order to better administer the department.

Governor-Elect William Donald Schaefer  
Announces He Will Recommend Reorganization of  
Four State Executive Departments

Baltimore - (January 19, 1987) Governor-Elect William Donald Schaefer announced today he will recommend reorganizing four of the state's executive departments to better serve Maryland Citizens.

Schaefer's plan was revealed in a briefing on reorganization held by his transition team. The plan is the culmination of an intense 11-week study of state departments affecting economic development, housing, the environment, the Chesapeake Bay, health and juvenile services. The study was conducted by three task forces appointed by Schaefer, November 5, the day after the general election.

Schaefer will incorporate his reorganization plans in legislation which he will submit on Friday to the state legislature. The decision to submit legislation rather than an executive order was made following recommendations from the state legislators.

"The business of state government is to serve people," said Schaefer. "As I traveled the state last year, the state's citizens complained that many times a plodding, overlapping bureaucracy was the problem rather than the solution to essential difficulties. Better coordination and organization, they said, would shape up state government. They were right! The reorganization recommendations I will submit later this week will enable state government to better serve Marylanders and solve pressing problems."

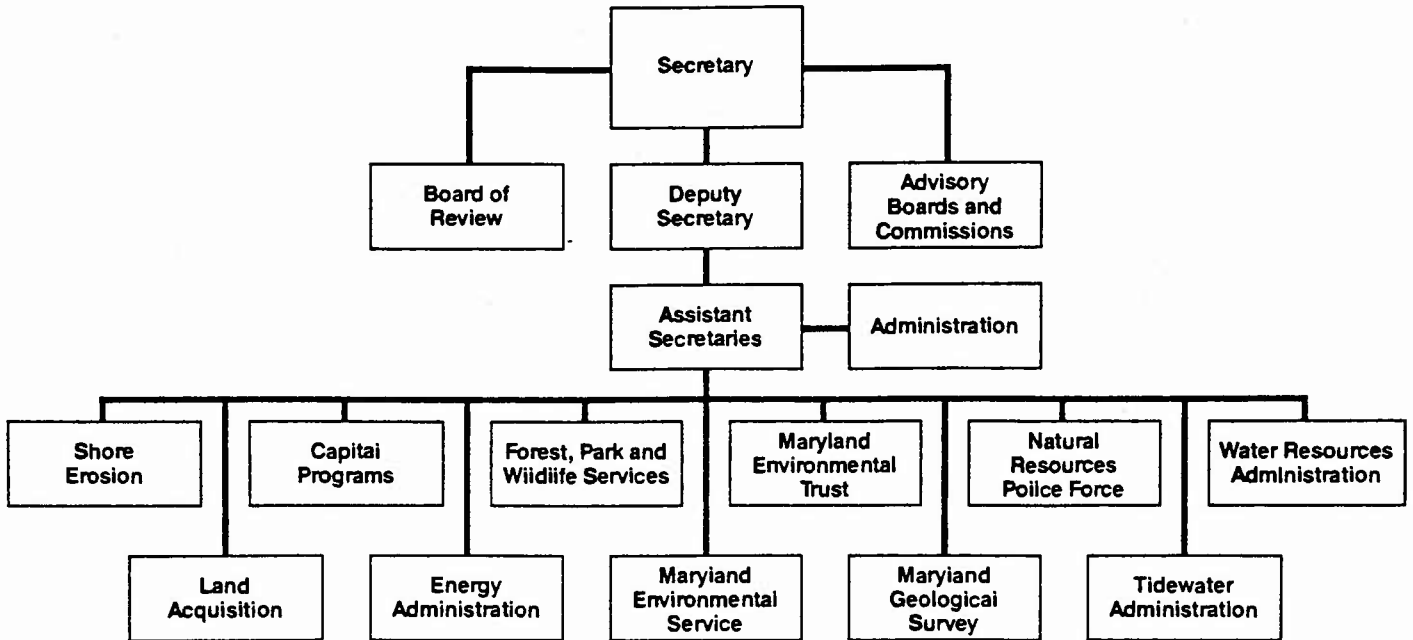
The most significant proposals Schaefer will recommend are summarized below:

- To assure the aggressive protection of our precious air and water resources, Schaefer will recommend consolidation of the environmental and regulatory enforcement program into one streamlined agency called the Department of the Environment. These programs are now diffused throughout state departments.
  
- To guarantee protection of our prize natural resource, the Chesapeake Bay, Schaefer will appoint a special gubernatorial coordinator who will be directly accountable to him. The Governor's Office of Chesapeake Bay Coordinator will make one person with direct access to the Governor responsible for Bay programs.
  
- To establish a stronger, more dynamic statewide system of juvenile justice, I will move the Juvenile Services Administration out of its current stepchild status and transfer it into the Governor's Office as an independent agency directly under the Governor.
  
- To highlight the importance of housing and to assure Marylanders increased opportunities for decent, affordable shelter, Schaefer proposes elevating the Housing and Community Development Agency--currently an arm of the Department of Economic and Community Development--to cabinet standing.

Along with this recommendation, the Governor will propose consolidating the state's employment and training programs into a division of the restructured Department of Economic Development. By tying training programs directly to the department responsible for job creation and expansion, the state will be able to best assure adequate employment opportunity for its citizens.

# Proposed Changes Department of Natural Resources

## Existing Department of Natural Resources



**Maryland  
Energy Office**



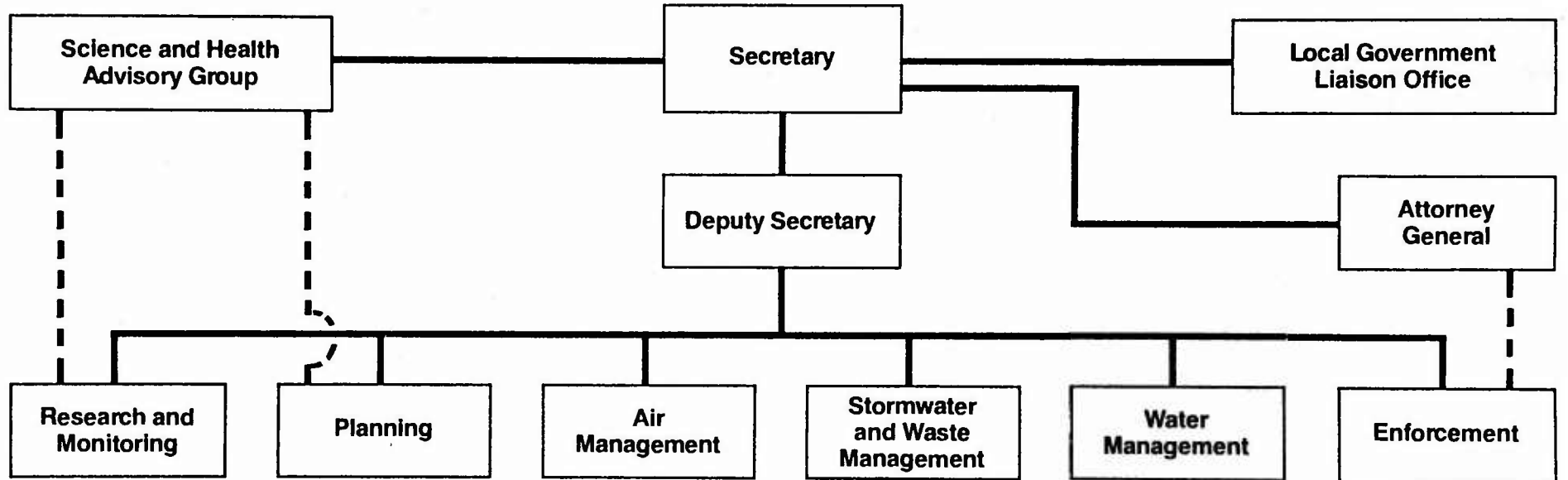
**Transferred  
to Proposed  
Department  
of Housing**

- Oil Management Program
- Stormwater and Sediment Control Program
- 1987 & 1988 Budget Items for Bay Related Research



**Transferred  
to Proposed  
Department of the  
Environment**

# Proposed Department of the Environment



- Monitoring
- Quality Control
- Research
- Modelling
- Liaison with Scientific Community
- Interagency Coordination

- Watershed Planning
- Program Evaluation
- Coordination of Department's Bay Programs
- Policy Development
- Public Information and Education

- Permitting
- Inspections
- Compliance Monitoring

- NPDES Industrial
- Oil Control
- Stormwater and Sediment Control
- Waste Disposal
- Compliance Monitoring
- Inspections

- Construction Grants
- NPDES Municipal
- Compliance Monitoring
- Inspections

- Intradepartmental Coordination of Enforcement
- Interagency Coordination
  - Agriculture
  - DOT
  - DNR

