

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Joint Resolution 3 (The Speaker)(By Request - Governor's Salary
Commission)

Rules and Executive Nominations

**Governor's Salary Commission - Salary Recommendations for Governor and
Lieutenant Governor**

This joint resolution adopts the salary recommendations of the Governor's Salary Commission for the Governor and Lieutenant Governor, effective January 21, 2015, for the four-year term of office.

Fiscal Summary

State Effect: General fund expenditures increase by \$16,700 in FY 2015 for salaries and fringe benefits. General fund expenditures increase to \$66,200 in FY 2019. Future years reflect annualization and further salary increases. Revenues are not affected.

| (in dollars) | FY 2015 | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|----------------|------------|------------|------------|------------|------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 16,700 | 38,900 | 49,800 | 60,800 | 66,200 |
| Net Effect | (\$16,700) | (\$38,900) | (\$49,800) | (\$60,800) | (\$66,200) |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: This joint resolution increases the salaries of the Governor and Lieutenant Governor over the next four-year term as depicted in **Exhibit 1**.

Exhibit 1
Salary Changes for the Governor and Lieutenant Governor

| <u>Year of Term</u> | <u>Calendar Year</u> | <u>Governor</u> | <u>% Increase Over Current Salary</u> | <u>Lieutenant Governor</u> | <u>% Increase Over Current Salary</u> |
|---------------------|----------------------|-----------------|---------------------------------------|----------------------------|---------------------------------------|
| First | 2015 | \$165,000 | 10 | \$137,500 | 10 |
| Second | 2016 | 170,000 | 13.3 | 141,500 | 13.2 |
| Third | 2017 | 175,000 | 16.7 | 145,500 | 16.4 |
| Fourth | 2018 | 180,000 | 20 | 149,500 | 19.6 |

Current Law:

The Governor's Salary Commission

The Maryland Constitution ratified by the voters in 1867 established the salary for the State's chief executive at \$4,500. This remained the salary until voters approved a constitutional amendment in 1954 raising the salary to \$15,000. An amendment in 1966 elevated the salary to \$25,000. A 1976 constitutional amendment created a gubernatorial salary setting mechanism – the Governor's Salary Commission. The Governor's Salary Commission met for the first time in late 1977 and issued its first report in January 1978.

The Governor's Salary Commission has seven members, including the State Treasurer, three persons appointed by the President of the Senate, and three persons appointed by the Speaker of the House of Delegates. Appointees serve a four-year term. Members of the General Assembly and officers and employees of the State or a political subdivision of the State are not eligible for appointment to the commission.

The commission must submit salary recommendations for the Governor and Lieutenant Governor to the General Assembly within 10 calendar days after the beginning of the last regular General Assembly session in a four-year term of office. A joint resolution incorporating the recommendations must be introduced in each House of the General Assembly by the fifteenth day of the session. If the commission does not recommend any change in salary, no joint resolution needs to be introduced and the salaries for the two offices will not change during the next four-year term.

The General Assembly may endorse or reduce the commission's proposals but may not increase the proposed salaries. Failure to adopt a joint resolution within 50 calendar days following its introduction results in adoption of the salaries recommended by the commission.

Neither the commission nor the General Assembly may recommend or endorse salaries lower than those received by the incumbent Governor and Lieutenant Governor.

Salaries resulting from these actions take effect at the beginning of the next term of office, *i.e.*, January 21, 2015.

Background:

Recommendations of Past Governor's Salary Commissions

The 1989 Governor's Salary Commission recommended a salary of \$135,000 for the Governor and \$115,000 for the Lieutenant Governor for the 1991-1994 term of office. The General Assembly amended the joint resolution to reflect a salary for the Governor of \$120,000 and a salary of \$100,000 for the Lieutenant Governor. The 1993 Governor's Salary Commission did not recommend an increase. The 1997 Governor's Salary Commission made the same salary recommendations as the 1989 commission. The recommendations were rejected by the General Assembly.

In 2002, the General Assembly adopted the 2001 commission's recommendations and increased the Governor's annual salary from \$120,000 to \$135,000 for the first year of the upcoming Governor's term of office, and by \$5,000 each year until the annual salary reached \$150,000 in the fourth year. The Lieutenant Governor's annual salary increased from \$100,000 to \$112,500 for the first year of the upcoming Lieutenant Governor's term of office, and by increments of approximately \$4,167 each year until the annual salary reached \$125,000 in the fourth year.

In 2006, the General Assembly rejected the 2005 commission's recommendations, which were to increase the Governor's salary by \$5,000 each year until the annual salary reached \$170,000 in the fourth year. The commission recommended salary increases for the Lieutenant Governor in proportion to those of the Governor.

The 2009 Governor's Salary Commission recommended no salary increases in the first two years of the term (calendar 2011 and 2012). It recommended that the Governor's Salary increase to \$155,000 in 2013 and \$160,000 in 2014, and that the Lieutenant Governor's salary increase to \$129,167 in 2013 and \$133,333 in 2014. These recommendations were rejected by the General Assembly, and salaries remained at the current level.

Beginning with the 1981 Governor's Salary Commission, the commission has made recommendations, per the Governor's request, on salaries for four constitutional officers: State Treasurer, Comptroller of the Treasury, Attorney General, and Secretary of State. Governor O'Malley requested that the 2013 Governor's Salary Commission review and recommend compensation for these constitutional officers.

The *Report of the Governor's Salary Commission*, published in January 2014, contains appendices showing the salaries and rankings for each of the constitutional officers in all 50 states. **Exhibit 2** shows the salary rankings of the Governor and Lieutenant Governor compared with the other 49 states.

Exhibit 2
State Ranking of Governor and Lieutenant Governor Salaries

| | <u>2013</u> <u>Salary</u> | <u>2013</u> <u>Ranking</u> | <u>2009</u> <u>Salary</u> | <u>2009</u> <u>Ranking</u> | <u>2005</u> <u>Salary</u> | <u>2005</u> <u>Ranking</u> |
|---------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|------------------------------|-------------------------------|
| Governor | \$150,000 | 12 | \$150,000 | 11 | \$145,000 | 9 |
| Lieutenant Governor | 125,000 | 7 | 125,000 | 7 | 120,883 | 5 |

Source: Governor's Salary Commission

State Expenditures: General fund expenditures increase by \$16,706 in fiscal 2015 for increased compensation and fringe benefits for the Governor and Lieutenant Governor. The estimate reflects the resolution's January 21, 2015 effective date, which is the beginning of the next term of office. Expenditures increase to \$66,218 in fiscal 2019 due to annualization and further salary increases.

Additional Information

Prior Introductions: None.

Cross File: SJ 3 (The President)(By Request - Governor's Salary Commission) - Budget and Taxation.

Information Source(s): Department of Budget and Management, Governor's Office, Department of Legislative Services

Fiscal Note History: First Reader - January 27, 2014
mc/lgc

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