

D10A01
Executive Department – Governor

Operating Budget Data

(\$ in Thousands)

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$10,899	\$11,410	\$11,349	-\$61	-0.5%
Adjustments	0	0	-34	-34	
Adjusted General Fund	\$10,899	\$11,410	\$11,314	-\$95	-0.8%
Special Fund	0	0	36	36	
Adjusted Special Fund	\$0	\$0	\$36	\$36	
Reimbursable Fund	0	41	41	0	
Adjusted Reimbursable Fund	\$0	\$41	\$41	\$0	0.0%
Adjusted Grand Total	\$10,899	\$11,451	\$11,391	-\$59	-0.5%

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The fiscal 2018 allowance decreases by \$59,408, or 0.5%, below the fiscal 2017 working appropriation, including a contingent back of the bill reduction to pension payments. The decrease is attributable to the abolishment of a vacant position.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>
Regular Positions	88.10	83.50	82.50	-1.00
Contractual FTEs	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total Personnel	89.10	84.50	83.50	-1.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.24	1.50%
Positions and Percentage Vacant as of 12/31/16	7.00	8.38%

- The fiscal 2018 allowance includes a total of 82.5 regular positions, a decrease of 1.0 position from the fiscal 2017 working appropriation. This decrease is due to the abolishment of a long-term vacant position.
- Turnover expectancy is currently set at 1.5%, which requires 1.24 vacancies. As of December 31, 2016, there were 7.0 open positions, for a vacancy rate of 8.4%.

Analysis in Brief

Recommended Actions

1. Concur with Governor's allowance.

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Operating Budget Analysis

Program Description

As the chief executive, the Governor exercises supervision over the agencies of the Executive Branch. The Governor presents to the legislature in the annual budget a work program and the financial requirements for the ensuing year and reports to the legislature on the condition of the State. Amendments to the enacted budget are approved by the Governor. In discharging the duties of the office, the Governor appoints officials and grants pardons and reprieves. The Governor represents the State in its relations with other jurisdictions and the public.

Performance Analysis: Managing for Results

The strategy of the Governor is contained in his legislative agenda, the budget message, and the operating and capital budgets. Traditional performance measurement data is not appropriate for this office because the performance of individual agencies measures the performance of the Administration.

Fiscal 2017 Actions

Cost Containment

Board of Public Works cost containment action on November 2, 2016, reduced the general fund appropriation of the Governor's Office by \$80,636. This reduction is attributable to reduction in the appropriations for postage, telephones, fuel, food, and subscriptions.

Section 20 Position Abolitions

Section 20 of the 2016 budget bill authorized the Governor to abolish 657 vacant positions and eliminate \$25 million across the Executive Branch during fiscal 2017. For this agency, the impact of this action was the abolition of 1 position and a reduction of \$65,000 in fiscal 2017. Those reductions have been incorporated into the working appropriation. For fiscal 2018, the savings associated with the abolition of this position are \$80,331.

Proposed Budget

As shown in **Exhibit 1**, the fiscal 2018 allowance decreases by \$59,408, or 0.5%, including a contingent back of the bill reduction for the pension sweeper. The decrease is attributable to the abolition of a vacant position.

Exhibit 1
Proposed Budget
Executive Department – Governor
(\$ in Thousands)

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2016 Actual	\$10,899	\$0	\$0	\$10,899
Fiscal 2017 Working Appropriation	11,410	0	41	11,451
Fiscal 2018 Allowance	<u>11,314</u>	<u>36</u>	<u>41</u>	<u>11,391</u>
Fiscal 2017-2018 Amount Change	-\$95	\$36	\$0	-\$59
Fiscal 2017-2018 Percent Change	-0.8%			-0.5%
Where It Goes:				
Personnel Expenses				
Abolished position.....				-\$154
Turnover adjustments.....				136
Other fringe benefit adjustments.....				-3
Employee and retiree health insurance.....				-24
Pension payments.....				-65
Other Changes				
End of fiscal 2017 cost containment savings.....				\$81
New vehicle.....				45
Printing.....				30
Travel.....				25
Equipment.....				15
Other changes.....				1
Food.....				-20
Fuel.....				-20
State services charges.....				-28
Rent.....				-38
Computer and software maintenance.....				-40
Total				-\$59

Note: Numbers may not sum to total due to rounding.

Across-the-board Reductions

The fiscal 2018 budget bill includes a \$54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. This agency's share of these reductions is \$34,341, all in general funds.

Personnel Changes

Overall personnel costs decrease by \$109,787, including the back of the bill pension adjustment. This decrease is driven by abolishment of a vacant position, which decreases the allowance by \$153,844. Other major changes include an increase for lower turnover expectancy (\$136,045) and decreases for pensions (\$30,619) and employee and retiree health insurance (\$23,705).

Other Changes

Other changes include increases for the purchase of a replacement vehicle (\$45,000) and travel (\$25,000). These increases are offset by decreases for computer maintenance (\$40,000) and rent (\$38,403).

Recommended Actions

1. Concur with Governor's allowance.

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Appendix 1
Current and Prior Year Budgets
Executive Department – Governor
(\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2016					
Legislative Appropriation	\$11,412	\$0	\$0	\$0	\$11,412
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	134	0	0	0	134
Reversions and Cancellations	-646	0	0	0	-646
Actual Expenditures	\$10,899	\$0	\$0	\$0	\$10,899
Fiscal 2017					
Legislative Appropriation	\$11,340	\$0	\$0	\$0	\$11,340
Cost Containment	-81	0	0	0	-81
Budget Amendments	150	0	0	41	191
Working Appropriation	\$11,410	\$0	\$0	\$41	\$11,451

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

Fiscal 2016

Fiscal 2016 actual expenditures for the Governor's Office were \$512,525 below the legislative appropriation. Budget amendments increased the appropriation by \$133,863, including \$178,000 to restore State employee salaries and \$6,863 to adjust telecommunications expenditures. The increases were offset by a reduction of \$51,000 to fund personnel expenses for the Executive Department's Boards, Commissions, and Offices. There was also a reversion of \$646,388 for operating expenses.

Fiscal 2017

To date, the general fund appropriation has increased by \$69,487 above the fiscal 2017 legislative appropriation. A budget amendment added \$150,123 for a 2% cost-of-living adjustment and is offset by a cost containment reduction of \$80,636. Three budget amendments have also added reimbursable fund appropriations totaling \$41,200. These amendments provide funding from other State agencies to cover rent for the new State office in the Hall of States in Washington DC.

Appendix 2
Object/Fund Difference Report
Executive Department - Governor

<u>Object/Fund</u>	<u>FY 16 Actual</u>	<u>FY 17 Working Appropriation</u>	<u>FY 18 Allowance</u>	<u>FY 17 - FY 18 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	88.10	83.50	82.50	-1.00	-1.2%
02 Contractual	1.00	1.00	1.00	0.00	0%
Total Positions	89.10	84.50	83.50	-1.00	-1.2%
Objects					
01 Salaries and Wages	\$ 9,363,327	\$ 9,769,172	\$ 9,774,362	\$ 5,190	0.1%
02 Technical and Spec. Fees	87,047	118,723	118,723	0	0%
03 Communication	286,090	312,797	290,803	-21,994	-7.0%
04 Travel	122,858	85,000	110,000	25,000	29.4%
07 Motor Vehicles	31,979	69,197	93,187	23,990	34.7%
08 Contractual Services	386,812	425,801	389,006	-36,795	-8.6%
09 Supplies and Materials	215,091	211,206	215,000	3,794	1.8%
10 Equipment – Replacement	59,438	80,000	60,000	-20,000	-25.0%
11 Equipment – Additional	39,425	5,000	40,000	35,000	700.0%
13 Fixed Charges	306,945	373,872	334,620	-39,252	-10.5%
Total Objects	\$ 10,899,012	\$ 11,450,768	\$ 11,425,701	-\$ 25,067	-0.2%
Funds					
01 General Fund	\$ 10,899,012	\$ 11,409,568	\$ 11,348,501	-\$ 61,067	-0.5%
03 Special Fund	0	0	36,000	36,000	N/A
09 Reimbursable Fund	0	41,200	41,200	0	0%
Total Funds	\$ 10,899,012	\$ 11,450,768	\$ 11,425,701	-\$ 25,067	-0.2%

Note: Does not include targeted reversions, deficiencies, and contingent reductions.