

D10A01
Executive Department – Governor

Executive Summary

The Governor’s Office provides direct support to the Governor in his role as the State’s chief executive.

Operating Budget Data

(\$ in Thousands)

	<u>FY 18</u> <u>Actual</u>	<u>FY 19</u> <u>Working</u>	<u>FY 20</u> <u>Allowance</u>	<u>FY 19-20</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$10,578	\$11,221	\$11,956	\$735	6.6%
Adjustments	0	55	292	236	
Adjusted General Fund	\$10,578	\$11,277	\$12,248	\$971	8.6%
Reimbursable Fund	41	41	41	0	-0.1%
Adjustments	0	0	0	0	
Adjusted Reimbursable Fund	\$41	\$41	\$41	\$0	-0.1%
Adjusted Grand Total	\$10,619	\$11,318	\$12,289	\$971	8.6%

Note: The fiscal 2019 appropriation includes deficiencies, a one-time \$500 bonus, and general salary increases. The fiscal 2020 allowance includes general salary increases.

- The fiscal 2020 allowance for the Governor’s Office increases by \$971,188, or 8.6%. This increase is attributable to statewide changes including general salary increases for regular employees and information technology service charges.
- Adjustments, which total \$55,422 for fiscal 2019 and \$291,641 for fiscal 2020, are entirely attributable to statewide general salary increases.

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

For further information contact: Benjamin B. Wilhelm

Phone: (410) 946-5530

Personnel Data

	<u>FY 18 Actual</u>	<u>FY 19 Working</u>	<u>FY 20 Allowance</u>	<u>FY 19-20 Change</u>
Regular Positions	82.50	82.50	82.50	0.00
Contractual FTEs	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total Personnel	83.50	83.50	83.50	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.96	2.37%
Positions and Percentage Vacant as of 12/31/18	9.00	10.91%

Key Observations

- While there is a large increase in the allowance for the Governor’s Office, this increase is driven by policy decisions that are not directly related to the operations of this office, which are largely unchanged from fiscal 2019.

Operating Budget 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 General Assembly in the annual budget a work program and the financial requirements for the ensuing year and reports 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 2019 Actions

Proposed Deficiency

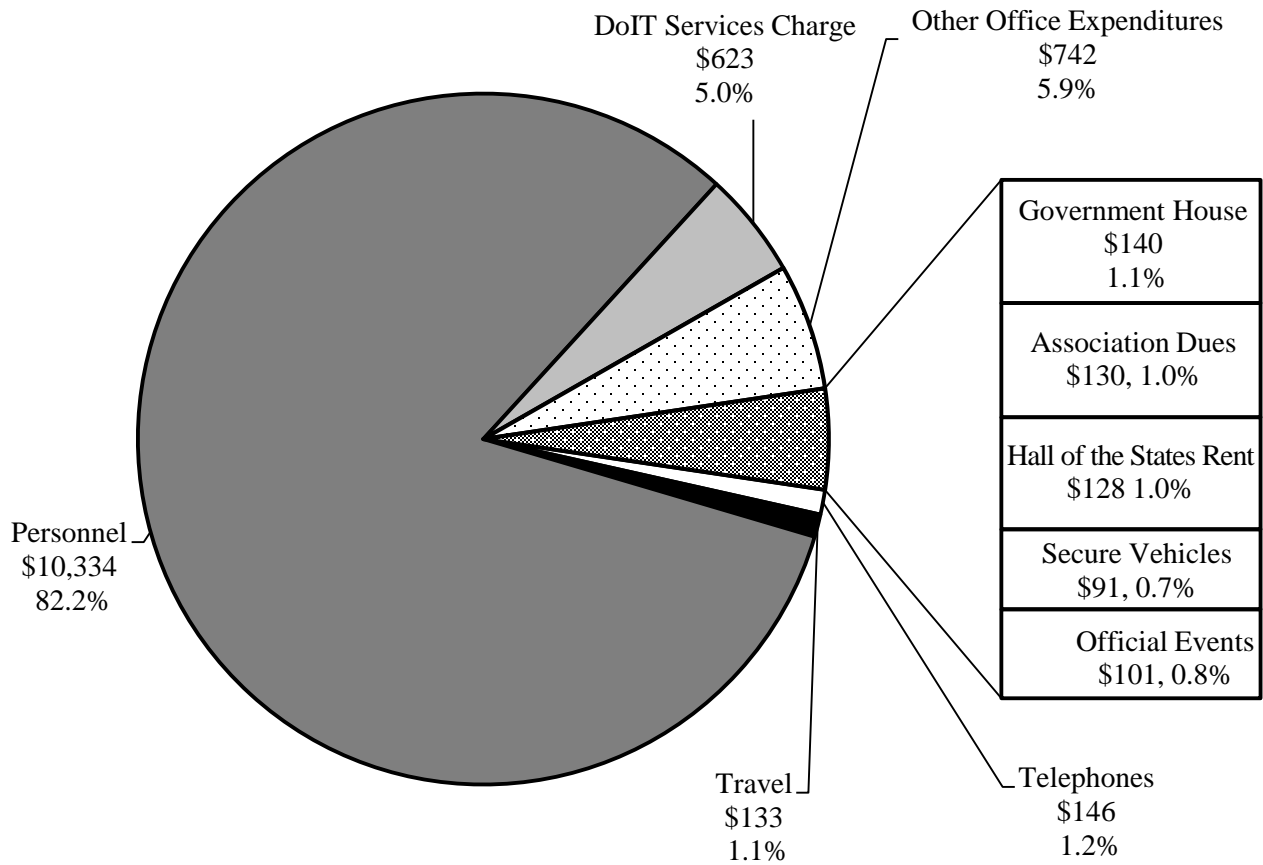
The budget includes a fiscal 2019 deficiency to provide a \$500 bonus and 0.5% general salary increase to qualifying employees on April 1, 2019. For this agency, these actions add a total of \$55,422 in general funds to the fiscal 2019 appropriation.

Fiscal 2020 Allowance

Overview of Agency Spending

The budget of the Governor's Office consists mostly of the costs to employ the Governor and Lieutenant Governor's executive staff and advisors along with the other staff who assist the Governor in the conduct of the day-to-day duties of the office. Therefore, as shown in **Exhibit 1**, the budget for the Governor's Office is mostly devoted to personnel (\$10.3 million). Other ordinary costs associated with supporting these employees and maintaining an office are also identified in the exhibit. In addition, the exhibit identifies five specific costs allocated in the Governor's Office budget connected to the Governor's role as the State's chief executive. These costs make up just under 5% of the fiscal 2020 allowance.

Exhibit 1
Select Components of Budget Allowance
Fiscal 2020
(\$ in Thousands)



DoIT: Department of Information Technology

Source: Department of Legislative Services

Proposed Budget Change

The fiscal 2020 allowance increases by \$971,188, or 8.6%, compared to the fiscal 2019 working appropriation, as shown in **Exhibit 2**. This increase is attributable to statewide compensation increases for regular employees and the impact of an adjustment to the Department of Information Technology’s service charge.

Exhibit 2
Proposed Budget
Executive Department – Governor
(\$ in Thousands)

How Much It Grows:	General Fund	Reimbursable Fund	Total
Fiscal 2018 Actual	\$10,578	\$41	\$10,619
Fiscal 2019 Working Appropriation	11,277	41	11,318
Fiscal 2020 Allowance	<u>12,248</u>	<u>41</u>	<u>12,289</u>
Fiscal 2019-2020 Amount Change	\$971	\$0	\$971
Fiscal 2019-2020 Percent Change	8.6%	-0.1%	8.6%

Where It Goes:

Personnel Expenses

Employer retirement contribution.....	\$266
3% general salary increase effective July 1, 2019	250
Annualization of 2% cost-of-living adjustment effective January 1, 2019.....	85
Annualization of 0.5% general salary increase effective April 1, 2019	30
Impact of fiscal 2019 \$500 bonus.....	-45
Rebasing vacated positions.....	-141
Other personnel changes.....	-1

Other Changes

Department of Information Technology service charge	485
Travel.....	20
Rent for office space in the Hall of the States in Washington, DC.....	17
Other	4

Total **\$971**

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

Personnel

Personnel expenditures increase by \$445,737. This increase is attributable to an adjustment to retirement system contributions for the office (\$265,543) as well as the net impact of employee compensation increases over fiscal 2019 and 2020 (\$321,659). Some of this increase is offset by a

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decrease in the base salary and wage expenditures for the office due to the rebasing of positions. When positions become vacant, the compensation rate will adjust depending on the step of the employee who was previously in the position and the agreed upon rate of compensation for the new employee. In this case, there is a reduction of \$140,751 for employee compensation to reflect such events.

While qualifying regular employees are set to receive general salary increases in fiscal 2019 and 2020 and the \$500 bonus on April 1, 2019, the salaries of the Governor and Lieutenant Governor are unchanged. Changes to the salaries for these positions are recommended by the Governor's Salary Commission, which last convened in fall 2017 and recommended that there be no salary increases for either position during the term that began January 16, 2019.

Operating Budget 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 2018					
Legislative Appropriation	\$11,314	\$36	\$0	\$41	\$11,391
Deficiency/Withdrawn Appropriation	-132	0	0	0	-132
Cost Containment	-150	0	0	0	-150
Budget Amendments	-117	0	0	0	-117
Reversions and Cancellations	-337	-36	0	0	-373
Actual Expenditures	\$10,578	\$0	\$0	\$41	\$10,619
Fiscal 2019					
Legislative Appropriation	\$11,136	\$0	\$0	\$41	\$11,177
Budget Amendments	85	0	0	0	85
Working Appropriation	\$11,221	\$0	\$0	\$41	\$11,262

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. Numbers may not sum to total due to rounding.

Fiscal 2018

The Governor’s Office finished fiscal 2018 \$771,981 below its legislative appropriation. This decrease includes the reversion of \$337,159 in unspent general funds; the cancellation of \$36,000 in special funds that was appropriated, but not needed, to pay rent in the Hall of the States in Washington, DC; and the cancellation of \$145 in reimbursable funds for the same purpose.

Additional general fund changes included the following:

- actions in the 2018 budget decreased the appropriation by a total of \$131,942 for health insurance (\$86,894) and to effectuate the transfer of a position from the Governor’s Office to the Department of Labor, Licensing, and Regulation (\$45,048);
- a decrease of \$150,000 to increase turnover as part of the Board of Public Works September 6, 2017 cost containment action; and
- budget amendments that reduced the appropriation by a total of \$116,735 to realign expenditures between units of the Executive Department (\$97,500) and to realign statewide telecommunications costs (\$19,235).

Fiscal 2019

To date, there has been one action impacting the fiscal 2019 appropriation. A budget amendment added \$85,440 in general funds to provide for a 2% general salary increase for regular employees effective on January 1, 2019.

**Appendix 2
Object/Fund Difference Report
Executive Department – Governor**

<u>Object/Fund</u>	<u>FY 18 Actual</u>	<u>FY 19 Working Appropriation</u>	<u>FY 20 Allowance</u>	<u>FY 19 - FY 20 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	82.50	82.50	82.50	0.00	0%
02 Contractual	1.00	1.00	1.00	0.00	0%
Total Positions	83.50	83.50	83.50	0.00	0%
Objects					
01 Salaries and Wages	\$ 9,114,455	\$ 9,714,102	\$ 9,923,620	\$ 209,518	2.2%
02 Technical and Spec. Fees	46,585	118,723	118,723	0	0%
03 Communication	284,061	299,820	184,500	-115,320	-38.5%
04 Travel	121,121	112,662	132,685	20,023	17.8%
07 Motor Vehicles	89,441	94,257	91,236	-3,021	-3.2%
08 Contractual Services	448,124	397,372	1,003,867	606,495	152.6%
09 Supplies and Materials	218,186	215,000	215,000	0	0%
10 Equipment – Replacement	24,534	13,000	13,000	0	0%
11 Equipment – Additional	4,968	25,000	25,000	0	0%
13 Fixed Charges	267,888	272,438	289,712	17,274	6.3%
Total Objects	\$ 10,619,363	\$ 11,262,374	\$ 11,997,343	\$ 734,969	6.5%
Funds					
01 General Fund	\$ 10,578,308	\$ 11,221,274	\$ 11,956,287	\$ 735,013	6.6%
09 Reimbursable Fund	41,055	41,100	41,056	-44	-0.1%
Total Funds	\$ 10,619,363	\$ 11,262,374	\$ 11,997,343	\$ 734,969	6.5%

Note: The fiscal 2019 appropriation does not include deficiencies, a one-time \$500 bonus, or general salary increases. The fiscal 2020 allowance does not include general salary increases.