

D10A01
Executive Department – Governor

Operating Budget Data

(\$ in Thousands)

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$8,636	\$9,028	\$9,341	\$313	3.5%
Reimbursable Fund	<u>66</u>	<u>94</u>	<u>86</u>	<u>-8</u>	<u>-8.3%</u>
Total Funds	\$8,702	\$9,122	\$9,427	\$305	3.3%

- The fiscal 2008 allowance is approximately \$9.4 million, an increase of about \$305,000 over the fiscal 2007 working appropriation. However, if adjusted for the one-time use of the health insurance surplus to fund retiree benefits, the budget actually grows over \$568,000, or 6.4%.
- The increase in the budget is largely driven by personnel expenditures and information technology enhancements.

Personnel Data

	<u>FY 06</u> <u>Actual</u>	<u>FY 07</u> <u>Working</u>	<u>FY 08</u> <u>Allowance</u>	<u>FY 07-08</u> <u>Change</u>
Regular Positions	80.00	80.00	80.00	0.00
Contractual FTEs	<u>2.00</u>	<u>1.50</u>	<u>1.50</u>	<u>0.00</u>
Total Personnel	82.00	81.50	81.50	0.00

Vacancy Data: Regular Positions

Turnover, Excluding New Positions	1.41	1.76%
Positions Vacant as of 12/31/06	5.00	6.25%

- The level of personnel remains unchanged at 80 regular positions and 1.5 full-time equivalent contractual positions.
- Ten positions are detailed to the Governor’s Office from other State agencies.

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Analysis in Brief

Recommended Actions

1. Concur with Governor's allowance.

Updates

Recommendations of the Governor's Salary Commission: A joint resolution passed in the 2006 legislative session rejected the recommendations of the Governor's Salary Commission, thereby keeping constant the salary of the Governor and Lieutenant Governor for the 2007-2010 term of office.

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Operating Budget Analysis

Program Description

As chief executive, the Governor exercises supervision over the agencies of the Executive Branch. Annually, 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 are not appropriate for this office because the performance of individual agencies measures the performance of the Administration.

Governor's Proposed Budget

As shown in **Exhibit 1**, the fiscal 2008 allowance for the office is \$9,427,042, an increase of \$304,832, or 3.3% over the fiscal 2007 working appropriation. This increase is understated due to the impact of the one-time health care cost savings. Absent this distortion, underlying growth in the budget is \$568,442, or 6.4%.

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

How Much It Grows:	<u>General Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
2007 Working Appropriation	\$9,028	\$94	\$9,122
2008 Governor’s Allowance	<u>9,341</u>	<u>86</u>	<u>9,427</u>
Amount Change	\$313	-\$8	\$305
Percent Change	3.5%	-8.3%	3.3%

Where It Goes:

Personnel Expenses

Increments	\$168
One-time health insurance savings	-225
Employees’ retirement system.....	136
Turnover adjustments	-56
Other fringe benefit adjustments	16

Other Changes

Increase in contractual payroll based on fiscal 2006 actual expenditures	13
Increase in travel and communication expenditures based on fiscal 2006 actual expenditures.....	20
Decline in office supplies	-26
Pool vehicle replacement.....	12
Software upgrades	24
Computer, printer, and other information technology replacements	113
Increase in other office equipment based on fiscal 2006 actual expenditures.....	25
Computer maintenance contracts.....	63
Increase in association dues based on fiscal 2006 actual expenditures	9
Miscellaneous	13

Total **\$305**

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

Personnel

As mentioned, the budget assumes a constant level of staffing from the fiscal 2007 working appropriation. The new Administration has not changed the makeup of the office; however, many positions remain unfilled. The fiscal 2008 budget reflects normal increases in personnel expenditures including salaries and the employee retirement system.

The office has indicated that, at least for fiscal 2008, it will continue the practice of augmenting regular staff with positions detailed from other State agencies. **Exhibits 2** and **3** show the current number of such positions and the agencies from which they are borrowed.

Exhibit 2 Positions Detailed to Governor's Office

<u>Agency</u>	<u>Office</u>
Department of Human Resources	Appointments
Maryland Department of Transportation	Homeland Security
Maryland Department of Transportation	Communications/Photo
Department of Health and Mental Hygiene	Communications/Photo
Department of Business and Economic Development	Deputy Chief of Staff
Department of Health and Mental Hygiene	Deputy Chief of Staff
Department of Natural Resources	Lt. Governor
Department of Natural Resources	Legislative/Policy
Maryland Automobile Insurance Fund	Legislative/Policy
Department of Natural Resources	Executive Services

Source: Governor's Finance Office

Exhibit 3 Positions Detailed to Governor's Office Ranked by Agency

<u>Agency</u>	<u>Number Assigned</u>
Department of Natural Resources	3
Maryland Department of Transportation	2
Department of Health and Mental Hygiene	2
Department of Human Resources	1
Department of Business and Economic Development	1
Maryland Automobile Insurance Fund	1
Total	10

Source: Governor's Finance Office

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The number of detailed positions within the office has declined over the last several years. For example, there were 16 positions detailed to the office in fiscal 2004, compared to 10 as shown in the above exhibits for fiscal 2008.

Other Expenditures

The allowance includes approximately \$200,000 in general funds for various information technology and equipment upgrades. The office is embarking on a three-year replacement schedule for its computers, printers, software and other information technology needs. The funds in the budget represent an update of about one-third of the office's equipment.

Many of the other increases in the budget are based on actual 2006 expenditure levels, including travel, communication, and association dues expenses. The allowance also includes funds to replace one of the office's pool vehicles that has exceeded the mileage threshold for replacement.

Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Recommendations of the Governor’s Salary Commission

In January 2006 the Governor’s Salary Commission recommended annual salary increases for the Governor and Lieutenant Governor, for the 2007 through 2010 term of office. The increase was such that at the end of the four-year term, the salaries for both officials would have increased by 13.3% over the current level. However, through a joint resolution, the General Assembly rejected the recommendations during the 2006 legislative session. As such, the salaries for the new Administration remain at \$150,000 for the Governor and \$125,000 for the Lieutenant Governor.

Current and Prior Year Budgets

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 2006					
Legislative Appropriation	\$8,475	\$0	\$0	\$74	\$8,549
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	165	0	0	0	165
Reversions and Cancellations	-4	0	0	-8	-12
Actual Expenditures	\$8,636	\$0	\$0	\$66	\$8,702
Fiscal 2007					
Legislative Appropriation	\$8,937	\$0	\$0	\$94	\$9,031
Budget Amendments	91	0	0	0	91
Working Appropriation	\$9,028	\$0	\$0	\$94	\$9,122

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

Fiscal 2006

General fund expenditures increased by \$164,845 over the fiscal 2006 original appropriation. The increase was due to budget amendments providing increases for the cost-of-living adjustment (COLA) and the statewide reallocation of health insurance costs, offset by a \$20,937 reduction to reallocate statewide telecommunication costs. Approximately \$4,000 in general funds was reverted and \$7,700 in reimbursable funds was cancelled in fiscal 2006.

Fiscal 2007

The fiscal 2007 budget increased by a net \$90,701 in general funds. This included \$91,798 for the COLA that was budgeted in the Department of Budget and Management and distributed to each agency, offset by -\$1,097 for a statewide salary survey.

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

<u>Object/Fund</u>	<u>FY06 Actual</u>	<u>FY07 Working Appropriation</u>	<u>FY08 Allowance</u>	<u>FY07 - FY08 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	80.00	80.00	80.00	0	0%
02 Contractual	2.00	1.50	1.50	0	0%
Total Positions	82.00	81.50	81.50	0	0%
Objects					
01 Salaries and Wages	\$ 7,362,988	\$ 7,767,911	\$ 7,806,589	\$ 38,678	0.5%
02 Technical and Special Fees	107,867	93,113	106,414	13,301	14.3%
03 Communication	351,850	342,329	352,999	10,670	3.1%
04 Travel	109,947	99,000	108,909	9,909	10.0%
07 Motor Vehicles	46,457	35,967	47,491	11,524	32.0%
08 Contractual Services	177,241	208,500	270,937	62,437	29.9%
09 Supplies and Materials	144,010	205,500	216,912	11,412	5.6%
10 Equipment – Replacement	41,525	40,000	153,200	113,200	283.0%
11 Equipment – Additional	55,186	15,000	40,000	25,000	166.7%
13 Fixed Charges	304,681	314,890	323,591	8,701	2.8%
Total Objects	\$ 8,701,752	\$ 9,122,210	\$ 9,427,042	\$ 304,832	3.3%
Funds					
01 General Fund	\$ 8,635,611	\$ 9,028,029	\$ 9,340,638	\$ 312,609	3.5%
09 Reimbursable Fund	66,141	94,181	86,404	-7,777	-8.3%
Total Funds	\$ 8,701,752	\$ 9,122,210	\$ 9,427,042	\$ 304,832	3.3%

Note: The fiscal 2007 appropriation does not include deficiencies, and the fiscal 2008 allowance does not reflect contingent reductions.