

B75
General Assembly

Operating Budget Data

(\$ in Thousands)

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$76,837	\$78,319	\$80,558	\$2,239	2.9%
Adjusted General Fund	\$76,837	\$78,319	\$80,558	\$2,239	2.9%
Special Fund	0	438	0	-438	-100.0%
Adjusted Special Fund	\$0	\$438	\$0	-\$438	-100.0%
Adjusted Grand Total	\$76,837	\$78,757	\$80,558	\$1,801	2.3%

- Personnel expenses, driven by the increase in employee retirement contributions, increase \$1.9 million; total budget growth is tempered by a \$135,000 reduction in other operating expenses.

Personnel Data

	<u>FY 12</u> <u>Actual</u>	<u>FY 13</u> <u>Working</u>	<u>FY 14</u> <u>Allowance</u>	<u>FY 13-14</u> <u>Change</u>
Regular Positions	748.00	748.00	748.00	0.00
Contractual FTEs	0.00	0.00	0.00	0.00
Total Personnel	748.00	748.00	748.00	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	20.35	2.72%
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- There are no new positions included in the fiscal 2014, and the budgeted turnover rate is somewhat higher than that of prior years.

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

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Recommended Actions

1. Concur with the budget as approved by the Legislative Policy Committee.

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General Assembly

Operating Budget Analysis

Program Description

The Maryland General Assembly (MGA) is the legislative branch of State government. Separate budgets are provided for the Senate, comprised of 47 members; the House of Delegates, comprised of 141 members; leadership, committee, and member staff support; and general expenses shared by both chambers.

The Department of Legislative Services (DLS) provides nonpartisan staff support to the legislature. The department has four offices: the Office of the Executive Director; the Office of Legislative Audits; the Office of Legislative Information Systems; and the Office of Policy Analysis.

Proposed Budget

The overall budget increases by \$1.8 million, as shown in **Exhibit 1**. There are no special funds in the fiscal 2014 allowance; in the fiscal 2013 working appropriation, special funds reflect the Budget Restoration Fund created in Chapter 1 of the First Special Session of 2012, and account for the agency's share of the general salary increase. For fiscal 2014, all costs are borne by the general fund.

Personnel Expenses Drive Budget Growth

Personnel expenses increase by more than \$1.9 million due to a number of salary and fringe benefit costs. The single-most significant increase in the budget is the cost of employee retirement, representing an increase of \$1.4 million. Contribution rates for the regular employees, teachers, State Police, and Law Enforcement Officers pension plans increase in fiscal 2014. The rate increases are attributable to underattaining investment returns, adjusting actuarial assumptions, and increasing the reinvestment of savings achieved in the 2011 pension reform. The cost of employee and retiree health insurance adds another \$564,300.

In terms of salary growth, the budget reflects the annualization of the fiscal 2013 general salary increase which provided a 2% increase effective January 1, 2013. This accounts for over \$440,000 of the personnel expense increase. The budgets for MGA and DLS also include funds (\$197,000) for employee merit increases, consistent with a provision in effect for the Executive Branch that would reinstate employee increments in April 2014. It should be noted that the budget for the Department of Budget and Management (DBM) contains funds for a 3% general salary increase for State employees effective January 1, 2014, and funds are included for employees of the legislative branch.

Exhibit 1
Proposed Budget
General Assembly
(\$ in Thousands)

How Much It Grows:	<u>General</u>	<u>Special</u>	<u>Total</u>
	Fund	Fund	
2013 Working Appropriation	\$78,319	\$438	\$78,757
2014 Allowance	<u>80,558</u>	<u>0</u>	<u>80,558</u>
Amount Change	\$2,239	-\$438	\$1,801
Percent Change	2.9%	-100.0%	2.3%
Contingent Reductions	0	0	\$0
Adjusted Change	\$2,239	-\$438	\$1,801
Adjusted Percent Change	2.9%	-100.0%	2.3%

Where It Goes:

Personnel Expenses

Retirement contribution	\$1,372
Employee and retiree health insurance	564
Annualization of fiscal 2013 general salary increase	442
Merit pool.....	197
Other fringe benefit adjustments.....	11
Miscellaneous adjustments.....	-67
Turnover adjustments.....	-255
Regular salaries	-328

Other Changes

Software maintenance, including REMI forecasting product	75
Advertising, primarily for recruitment ads.....	10
Computer equipment.....	-16
Travel	-23
Postage and telephone expenses.....	-43
Redistricting expenses.....	-45
Actuarial contracts, to reflect recent actual expenditures	-50
Consultant to work with development of Maryland General Assembly website.....	-50
Other	7

Total	\$1,801
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Note: Numbers may not sum to total due to rounding.

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Offsetting these salary and fringe benefit expenses is an increase in the turnover rate for the agency, which reduces the budget by \$255,000. The rate, at 2.72%, is somewhat higher than in the recent past, where rates of 2.35 to 2.45% were more common. Achieving the budgeted turnover rate will require that more than 20 positions be held vacant. Finally, the total salary expense is adjusted downward to reflect budgeting vacant positions at base salary.

In contrast to personnel expenses, other operating expenditures are reduced in the fiscal 2014 budget by \$135,000. For MGA, there are no changes to the budget outside of the personnel expenses. Within DLS, considerable savings are realized in postage through a concerted effort to increase the use of electronic communication. The use of consultant services decreases in a number of areas where expenditures were necessary in fiscal 2013 but not in fiscal 2014, including pension reform studies and the upgrade of the MGA website. Constraint of travel expenditures continues, with a reduction of \$23,000 across all offices of DLS.

Increases in certain normal expenses, such as library materials, copies of the *Maryland Annotated Code* for members and staff, equipment refreshing and modest upgrades, and software maintenance are accommodated within the reductions in other objects of expenditure.

Recommended Actions

1. Concur with the budget as approved by the Legislative Policy Committee.

Current and Prior Year Budgets

Current and Prior Year Budgets Maryland General Assembly (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2012					
Legislative Appropriation	\$76,420	\$100	\$0	\$0	\$76,520
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	418	0	0	0	418
Reversions and Cancellations	0	-100	0	0	-100
Actual Expenditures	\$76,837	\$0	\$0	\$0	\$76,837
Fiscal 2013					
Legislative Appropriation	\$78,319	\$0	\$0	\$0	\$78,319
Budget Amendments	0	438	0	0	438
Working Appropriation	\$78,319	\$438	\$0	\$0	\$78,757

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

Fiscal 2012

The MGA budget finished fiscal 2012 with actual expenditures of \$76.8 million, \$300,000 over the legislative appropriation. The budget was increased by \$417,614 in general funds to reflect the allocation of the one-time \$750 employee bonus that had been budgeted in DBM. The original appropriation of \$100,000 in special funds, designated for the Blue Ribbon Commission to Study Retiree Healthcare Funding, was cancelled, as the commission had concluded its work prior to fiscal 2012.

Fiscal 2013

To date, the fiscal 2013 appropriation has been increased by \$438,362 in Budget Restoration Funds to reflect the allocation of the fiscal 2013 general salary increase that had been budgeted in DBM.

**Object/Fund Difference Report
General Assembly**

<u>Object/Fund</u>	<u>FY 12 Actual</u>	<u>FY 13 Working Appropriation</u>	<u>FY 14 Allowance</u>	<u>FY 13 - FY 14 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	748.00	748.00	748.00	0.00	0%
Total Positions	748.00	748.00	748.00	0.00	0%
Objects					
01 Salaries and Wages	\$ 60,340,527	\$ 63,334,032	\$ 65,270,089	\$ 1,936,057	3.1%
02 Technical and Spec. Fees	1,391,058	1,337,950	1,332,580	-5,370	-0.4%
03 Communication	429,862	599,600	556,100	-43,500	-7.3%
04 Travel	2,510,451	3,405,255	3,384,050	-21,205	-0.6%
06 Fuel and Utilities	3,881	4,000	4,000	0	0%
07 Motor Vehicles	47,227	44,927	44,903	-24	-0.1%
08 Contractual Services	5,586,263	7,200,867	7,071,436	-129,431	-1.8%
09 Supplies and Materials	1,202,664	1,358,624	1,381,679	23,055	1.7%
10 Equipment – Replacement	4,826,665	977,126	978,800	1,674	0.2%
11 Equipment – Additional	100	0	0	0	0.0%
13 Fixed Charges	437,707	427,607	443,307	15,700	3.7%
14 Land and Structures	60,830	67,000	90,900	23,900	35.7%
Total Objects	\$ 76,837,235	\$ 78,756,988	\$ 80,557,844	\$ 1,800,856	2.3%
Funds					
01 General Fund	\$ 76,837,235	\$ 78,318,626	\$ 80,557,844	\$ 2,239,218	2.9%
03 Special Fund	0	438,362	0	-438,362	-100.0%
Total Funds	\$ 76,837,235	\$ 78,756,988	\$ 80,557,844	\$ 1,800,856	2.3%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

**Fiscal Summary
General Assembly**

<u>Program/Unit</u>	<u>FY 12 Actual</u>	<u>FY 13 Wrk Approp</u>	<u>FY 14 Allowance</u>	<u>Change</u>	<u>FY 13 - FY 14 % Change</u>
01 Senate	\$ 11,416,300	\$ 11,756,895	\$ 11,987,713	\$ 230,818	2.0%
02 House of Delegates	21,708,833	22,303,595	22,941,229	637,634	2.9%
03 General Legislative Expenses	1,015,624	1,015,833	1,020,255	4,422	0.4%
04 Office of the Executive Director	10,621,964	10,725,073	10,932,585	207,512	1.9%
05 Office of Legislative Audits	12,025,259	12,344,506	12,640,879	296,373	2.4%
06 Office of Legislative Information Systems	4,803,644	4,850,670	4,935,180	84,510	1.7%
07 Office of Policy Analysis	15,245,611	15,760,416	16,100,003	339,587	2.2%
Total Expenditures	\$ 76,837,235	\$ 78,756,988	\$ 80,557,844	\$ 1,800,856	2.3%
General Fund	\$ 76,837,235	\$ 78,318,626	\$ 80,557,844	\$ 2,239,218	2.9%
Special Fund	0	438,362	0	-438,362	-100.0%
Total Appropriations	\$ 76,837,235	\$ 78,756,988	\$ 80,557,844	\$ 1,800,856	2.3%

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.