

**D10A01**  
**Executive Department – Governor**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$10,729	\$11,545	\$12,430	\$885	7.7%
Contingent & Back of Bill Reductions	0	-190	-106	84	
<b>Adjusted General Fund</b>	<b>\$10,729</b>	<b>\$11,354</b>	<b>\$12,323</b>	<b>\$969</b>	<b>8.5%</b>
Special Fund	52	0	0	0	
<b>Adjusted Special Fund</b>	<b>\$52</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Adjusted Grand Total</b>	<b>\$10,780</b>	<b>\$11,354</b>	<b>\$12,323</b>	<b>\$969</b>	<b>8.5%</b>

- The fiscal 2015 allowance increases by \$969,000, or 8.5%, above the fiscal 2014 working appropriation when adjusted for contingent and back of bill reductions. The increase is primarily the result of personnel increases.

***Personnel Data***

	<u>FY 13</u> <u>Actual</u>	<u>FY 14</u> <u>Working</u>	<u>FY 15</u> <u>Allowance</u>	<u>FY 14-15</u> <u>Change</u>
Regular Positions	89.50	89.10	89.10	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>89.50</b>	<b>89.10</b>	<b>89.10</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	1.34	1.50%
Positions and Percentage Vacant as of 12/31/13	5.00	5.61%

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

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- The number of both regular positions and contractual full-time equivalents remains unchanged between the current year and the allowance.
- The Governor’s Office had 5 positions vacant as of the end of calendar 2013 for a vacancy rate of 5.61%, which exceeds the necessary vacancy rate of 1.5%.

## ***Analysis in Brief***

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### **Recommended Actions**

1. Concur with Governor’s allowance.

### **Updates**

***Governor’s Salary Commission:*** The Governor’s Salary Commission met in December 2013 to perform its constitutionally required quadrennial task of recommending annual salary levels for Maryland’s Governor and Lieutenant Governor. The commission recommended that the salaries of the Governor and Lieutenant Governor increase by 10% for the first year of the next term to match the increase in the Consumer Price Index since their last raises in fiscal 2006, and then increase by approximately 3% for three years thereafter.

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***Operating Budget Analysis***

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**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 2014 Actions**

There are three across-the-board withdrawn appropriations. This includes reductions to employee/retiree health insurance, funding for a new Statewide Personnel information technology (IT) system, and retirement reinvestment. These actions are fully explained in the analyses of the Department of Budget and Management (DBM) – Personnel, the Department of Information Technology, and the State Retirement Agency (SRA), respectively.

**Proposed Budget**

As shown in **Exhibit 1**, the fiscal 2015 allowance increases by \$969,000, or 8.5%, above the working appropriation. The budget for the Governor’s office is entirely general funds.

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

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Total</b>
2014 Working Appropriation	\$11,354	\$11,354
2015 Allowance	<u>12,323</u>	<u>12,323</u>
Amount Change	\$969	\$969
Percent Change	8.5%	8.5%

**Where It Goes:**

**Personnel Expenses**

Accrued leave payouts .....	\$550
Annualization of fiscal 2014 increments and general salary increase.....	307
Retirement contribution rate change .....	120
Employee and retiree health insurance.....	-97
Reclassifications.....	44

**Other Changes**

Government House.....	40
Cost containment.....	-24
Department of Budget and Management-paid telecommunications .....	20
Information technology equipment replacement.....	-20
Gas and oil.....	15
District of Columbia office lease.....	15
Other.....	-1

**Total** **\$969**

Note: The fiscal 2014 working appropriation reflects negative deficiencies and contingent reductions. The fiscal 2015 allowance reflects back of the bill and contingent reductions. Numbers may not sum to total due to rounding.

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## **Cost Containment**

There is one across-the-board reduction and one contingent reduction reflected in the Governor’s spending plan for the fiscal 2015 allowance. This affects funding for employee/retiree health insurance and retirement reinvestment. These actions are fully explained in the analyses of DBM – Personnel and SRA.

## **Personnel Costs**

Overall, the fiscal 2015 budget for the Governor’s Office increases by \$969,000, primarily due to an increase of \$924,000 in personnel costs. Accrued leave payouts account for \$550,000 of the increase; the amount of accrued leave payout is based on past experience of staff leaving due to a change in Administration. During the last change in Administration in fiscal 2007, the expense incurred as a result of leave payouts was \$450,000. Annualization of the fiscal 2014 general salary increases and increments adds \$307,000. When adjusted for fiscal 2015 contingent reductions and fiscal 2014 withdrawn appropriations, retirement contributions increase by \$120,000 and health insurance decreases by \$97,000.

## **Government House**

Maintenance for the Government House has been level funded since fiscal 2007. The fiscal 2015 increase of \$40,000 for the Government House reflects an adjustment for inflation from \$25,000 to \$35,000 per quarter.

***Recommended Actions***

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1. Concur with Governor's allowance.

## ***Updates***

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### **1. Governor’s Salary Commission**

The Governor’s Salary Commission met in December 2013 to perform its constitutionally required quadrennial task of recommending annual salary levels for Maryland’s Governor and Lieutenant Governor (see **Appendices 3 and 4**). The commission recommended that the salaries of the Governor and Lieutenant Governor be increased for the four-year term of office 2015 through 2019 as indicated in **Exhibit 2**. Since calendar 2006 was the last year in which the salaries for Governor and Lieutenant Governor were increased, the commission recommended a 10% increase for the first year of the next term to reflect the increase in the Consumer Price Index. For years two through four, the commission recommended a \$5,000 per year increase in the salary of the Governor and a \$4,000 per year increase in the salary of the Lieutenant Governor. This equates to an approximate 3% annual increase.

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**Exhibit 2**  
**Governor’s Salary Commission Recommendations**  
**for the Governor and Lieutenant Governor**  
**January 2014**

<b>Governor</b>	
First Year	\$165,000
Second Year	170,000
Third Year	175,000
Fourth Year	180,000
<b>Lieutenant Governor</b>	
First Year	\$137,500
Second Year	141,500
Third Year	145,500
Fourth Year	149,500

Source: Report of the Governor’s Salary Commission, January 2014

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Additionally, due to changes made to the retiree health benefit in legislation enacted in 2011, which increased the years of service required to be eligible for the benefit to 10 years and changed the accrual rate to 1/25 of the benefit for each year of service, the commission recommended that future Governors vest immediately upon assuming the office for the purpose of the retiree health benefit and accrue 1/16 of the maximum State subsidy for each year served. The commission also recommended that the age at which future Governors begin receiving pension payments be raised from the current

55 to 62 years of age. The necessary legislation to accomplish these changes to the Governor’s pension and health benefits was introduced as Senate Bill 235/HB 231 of 2014.

At the request of Governor Martin J. O’Malley, the commission also reviewed salaries for the constitutional offices of the Attorney General, Comptroller, State Treasurer, and Secretary of State. The commission’s recommended salary increases for the four-year term of office 2015 through 2019 are indicated in **Exhibit 3** and reflect the same percentage increase recommended for the Governor and Lieutenant Governor. The necessary legislation to accomplish salary increases for the constitutional officers was introduced as Senate Bill 236/HB 230 of 2014.

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**Exhibit 3**  
**Governor’s Salary Commission Recommendations**  
**for Constitutional Officers**  
**January 2014**

**Comptroller, Treasurer, and Attorney General**

First Year	\$137,500
Second Year	141,500
Third Year	145,500
Fourth Year	149,500

**Secretary of State**

First Year	\$96,500
Second Year	99,500
Third Year	102,500
Fourth Year	105,500

Source: Report of the Governor’s Salary Commission, January 2014

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## Current and Prior Year Budgets

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### 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>
<b>Fiscal 2013</b>					
Legislative Appropriation	\$10,941	\$0	\$0	\$0	\$10,941
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	102	52	0	0	154
Reversions and Cancellations	-314	0	0	0	-314
<b>Actual Expenditures</b>	<b>\$10,729</b>	<b>\$52</b>	<b>\$0</b>	<b>\$0</b>	<b>\$10,780</b>
<b>Fiscal 2014</b>					
Legislative Appropriation	\$11,382	\$0	\$0	\$0	\$11,382
Budget Amendments	162	0	0	0	162
<b>Working Appropriation</b>	<b>\$11,545</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,545</b>

Note: The fiscal 2014 working appropriation does not include deficiencies or contingent reductions. Numbers may not sum to total due to rounding.

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## **Fiscal 2013**

In fiscal 2013, the total budget for the department decreased by approximately \$160,000 from the legislative appropriation. The department received three general fund budget amendments totaling \$102,460 to reassign one personal identification number from the Governor’s Office of Community Initiatives into the Governor’s Office, realign health benefits disbursements between State agencies, and realign telecommunications expenditures between State agencies. Additionally, there was a general fund reversion of \$289,055 due to the department’s effort to hold unplanned vacancies open as long as possible (\$150,000), a three month abatement agreement for the renewal of the Governor’s DC office rent (\$50,000), and voluntary cost containment for contracts and equipment purchases (\$90,000). In fiscal 2013, State agencies were assessed a fee for development of a new Statewide Personnel System. That year, the State spent approximately 48% of this major IT project’s appropriated budget, with the remainder reverted to the general fund. As a result, the department reverted \$25,444 in general funds. The special fund appropriation for the Governor’s Office increased by \$51,607 due to one budget amendment for a cost-of-living adjustment.

## **Fiscal 2014**

The fiscal 2014 working appropriation for the Governor’s Office has increased by \$162,100 over the legislative appropriation reflecting increases in general funds for employee increments and the 3% general salary increase.

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

<u>Object/Fund</u>	<u>FY 13 Actual</u>	<u>FY 14 Working Appropriation</u>	<u>FY 15 Allowance</u>	<u>FY 14 - FY 15 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	89.50	89.10	89.10	0.00	0%
<b>Total Positions</b>	<b>89.50</b>	<b>89.10</b>	<b>89.10</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 9,439,033	\$ 10,102,035	\$ 10,964,809	\$ 862,774	8.5%
02 Technical and Spec. Fees	4,700	20,000	10,000	-10,000	-50.0%
03 Communication	283,425	295,021	315,178	20,157	6.8%
04 Travel	119,688	86,000	86,000	0	0%
07 Motor Vehicles	57,309	25,020	40,190	15,170	60.6%
08 Contractual Services	387,662	394,724	380,167	-14,557	-3.7%
09 Supplies and Materials	148,702	171,000	193,034	22,034	12.9%
10 Equipment – Replacement	7,975	130,141	110,000	-20,141	-15.5%
11 Equipment – Additional	52,352	5,000	5,000	0	0%
13 Fixed Charges	279,330	315,650	325,317	9,667	3.1%
<b>Total Objects</b>	<b>\$ 10,780,176</b>	<b>\$ 11,544,591</b>	<b>\$ 12,429,695</b>	<b>\$ 885,104</b>	<b>7.7%</b>
<b>Funds</b>					
01 General Fund	\$ 10,728,569	\$ 11,544,591	\$ 12,429,695	\$ 885,104	7.7%
03 Special Fund	51,607	0	0	0	0.0%
<b>Total Funds</b>	<b>\$ 10,780,176</b>	<b>\$ 11,544,591</b>	<b>\$ 12,429,695</b>	<b>\$ 885,104</b>	<b>7.7%</b>

Note: The fiscal 2014 appropriation does not include deficiencies. The fiscal 2015 allowance does not include contingent reductions.

## State Ranking of Governors' Salaries

<u>Rank</u>	<u>State</u>	<u>2013 Salary</u>	<u>2009 Salary</u>	<u>% Change</u>
1	Pennsylvania	\$187,256	\$174,914	7.06%
2	New York	179,000	179,000	0.00%
3	Tennessee	178,356	164,292	8.56%
4	Illinois	177,412	177,500	-0.05%
5	New Jersey	175,000	175,000	0.00%
5	Virginia	175,000	175,000	0.00%
7	California	173,987	212,179	-18.00%
8	Delaware	171,000	171,000	0.00%
9	Washington	166,891	166,891	0.00%
10	Michigan	159,300	177,000	-10.00%
11	Kentucky	153,970	142,498	8.05%
12	Connecticut	150,000	150,000	0.00%
<b>12</b>	<b>Maryland</b>	<b>150,000</b>	<b>150,000</b>	<b>0.00%</b>
12	Texas	150,000	150,000	0.00%
12	West Virginia	150,000	95,000	57.89%
16	Nevada	149,573	141,000	6.08%
17	Ohio	148,886	144,269	3.20%
18	Oklahoma	147,000	147,000	0.00%
19	Alaska	145,000	125,000	16.00%
20	Wisconsin	144,423	137,092	5.35%
21	Vermont	142,542	142,542	0.00%
22	North Carolina	141,265	139,590	1.20%
23	Massachusetts	139,832	140,535	-0.50%
24	Georgia	139,339	139,339	0.00%
25	Missouri	133,821	133,821	0.00%
26	Florida	130,273	132,932	-2.00%
27	Iowa	130,000	130,000	0.00%
27	Louisiana	130,000	130,000	0.00%
29	Rhode Island	129,210	117,817	9.67%
30	Mississippi	122,160	122,160	0.00%
31	Minnesota	120,303	120,303	0.00%
32	Hawaii	117,312	123,480	-5.00%
33	Idaho	117,000	108,727	7.61%
34	North Dakota	116,999	100,030	16.96%
35	New Hampshire	113,834	113,834	0.00%
36	Indiana	111,688	95,000	17.57%
37	New Mexico	110,000	110,000	0.00%
38	Utah	109,470	109,900	-0.39%
39	Montana	108,167	100,121	8.04%
40	South Carolina	106,078	106,078	0.00%
41	Nebraska	105,000	105,000	0.00%

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<u>Rank</u>	<u>State</u>	<u>2013 Salary</u>	<u>2009 Salary</u>	<u>% Change</u>
41	Wyoming	105,000	105,000	0.00%
43	South Dakota	100,972	115,331	-12.45%
44	Kansas	99,636	110,707	-10.00%
45	Arizona	95,000	95,000	0.00%
46	Oregon	93,600	93,600	0.00%
47	Colorado	90,000	90,000	0.00%
48	Arkansas	86,890	87,352	-0.53%
49	Maine	70,000	70,000	0.00%
50	Alabama	0 *	112,895	--

\* Governor Bentley is not accepting a salary until the unemployment rate in Alabama drops.

Source: The Council of State Governments; *The Book of the States: 2013 Edition*

**State Ranking of Lieutenant Governor’s Salaries**

<u>Rank</u>	<u>State</u>	<u>Salary</u>
1	Pennsylvania	\$157,293
2	New York	151,500
3	New Jersey	141,000
4	Illinois	135,669
5	Alabama	134,592
6	California	130,490
<b>7</b>	<b>Maryland</b>	<b>125,000</b>
8	Florida	124,851
9	North Carolina	124,676
10	Massachusetts	124,295
11	Kentucky	115,593
12	Alaska	115,000
12	Louisiana	115,000
14	Oklahoma	114,713
15	Hawaii	114,420
16	Michigan	111,510
17	Connecticut	110,000
18	Rhode Island	108,808
19	Utah	104,000
20	Iowa	103,212
21	Washington	93,948
22	Georgia	91,609
23	North Dakota	90,828
24	Missouri	86,484
25	Montana	86,362
26	Indiana	85,881
27	New Mexico	85,000
28	Delaware	78,553
29	Minnesota	78,197
30	Ohio	78,041
31	Wisconsin	76,261
32	Nebraska	75,000
33	Colorado	68,500
34	Nevada	63,648

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<u>Rank</u>	<u>State</u>	<u>Salary</u>
34	South Dakota	61,800
36	Tennessee	60,609
37	Vermont	60,507
38	Mississippi	60,000
39	Kansas	54,000
40	South Carolina	46,545
41	Arkansas	41,896
42	Virginia	36,321
43	Idaho	35,100
44	Texas	7,200
n/a	Arizona	(a)
n/a	Maine	(b)
n/a	New Hampshire	(b)
n/a	Oregon	(a)
n/a	West Virginia	(b)
n/a	Wyoming	(a)

Note:

(a) Secretary of State function.

(b) In Maine, New Hampshire, Tennessee, and West Virginia, the presidents (or speakers) of the Senate are next in line of succession to the governorship. In Tennessee and West Virginia, the Speaker of the Senate bears the statutory title of Lieutenant Governor.

Source: The Council of State Governments; *The Book of the States: 2013 Edition*