

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

***Operating Budget Data***

(\$ in Thousands)

	<b><u>FY 15</u></b> <b><u>Actual</u></b>	<b><u>FY 16</u></b> <b><u>Working</u></b>	<b><u>FY 17</u></b> <b><u>Allowance</u></b>	<b><u>FY 16-17</u></b> <b><u>Change</u></b>	<b><u>% Change</u></b> <b><u>Prior Year</u></b>
General Fund	\$11,442	\$11,590	\$11,425	-\$165	-1.4%
Deficiencies and Reductions	0	0	-20	-20	
<b>Adjusted General Fund</b>	<b>\$11,442</b>	<b>\$11,590</b>	<b>\$11,405</b>	<b>-\$184</b>	<b>-1.6%</b>
 <b>Adjusted Grand Total</b>	 <b>\$11,442</b>	 <b>\$11,590</b>	 <b>\$11,405</b>	 <b>-\$184</b>	 <b>-1.6%</b>

- The fiscal 2017 allowance decreases by \$184,000, or 1.6%, below the fiscal 2016 working appropriation when adjusted for an across-the-board reduction to health insurance. The decrease is primarily the result of abolished positions.

***Personnel Data***

	<b><u>FY 15</u></b> <b><u>Actual</u></b>	<b><u>FY 16</u></b> <b><u>Working</u></b>	<b><u>FY 17</u></b> <b><u>Allowance</u></b>	<b><u>FY 16-17</u></b> <b><u>Change</u></b>
Regular Positions	88.10	88.10	84.50	-3.60
Contractual FTEs	<u>1.00</u>	<u>0.00</u>	<u>1.00</u>	<u>1.00</u>
<b>Total Personnel</b>	<b>89.10</b>	<b>88.10</b>	<b>85.50</b>	<b>-2.60</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	2.47	2.92%
Positions and Percentage Vacant as of 12/31/15	10.00	11.35%

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

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- The fiscal 2017 allowance reflects a decrease of 3.6 regular positions as the result of abolished positions due to reorganization of the Governor’s Office. These positions include 1.6 executive aides, an administrator (1.0) and a special assistant (1.0); all of these positions were vacant.
- Contractual full-time-equivalents (FTE) increase by 1.0 FTE due to the creation of two part-time positions: a senior advisor working with the Appointments Office (0.5) and a photographer (0.5).
- Turnover is set at 2.9%, slightly higher than recent years. As of December 31, 2015, there were 10.0 vacant positions within the Governor’s Office, or 11.4%, which far exceeds the 2.5 vacant positions required to meet turnover. These positions are vacant as a result of the transitioning Administration and are in the process of being filled.

## ***Analysis in Brief***

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### **Issues**

***Governor’s Office of Performance Improvement:*** On October 8, 2015, the Administration announced the creation of the Governor’s Office of Performance Improvement through an executive order, which subsumed the office known as StateStat. The office was established to improve business processes throughout State agencies through greater accountability. **The department should comment on the current status of the Performance Office, including accomplishments to date. The department should also provide an overview of the expected duties, responsibilities, goals of the Performance Office, and discuss if more resources or staff may be needed in the future.**

***Declaration of State of Emergency:*** During the Baltimore City unrest in April 2015, Governor Lawrence J. Hogan declared a State of Emergency and moved \$20 million from the Revenue Stabilization Account (commonly known as the Rainy Day Fund) to the Board of Public Works’ Contingency Fund. Under current statute, there is no required reporting of actions taken by the Governor under a State of Emergency. **The Department of Legislative Services (DLS) recommends consideration of legislation to require the Governor to provide notice of suspended laws and emergency fund transfers during a State of Emergency.**

***Accessible Directory of Executive Orders is Lacking:*** The Governor has the power to issue executive orders, which are not statutes but do have the force of law. In prior years, an organized, easily accessible directory of all executive orders issued by the Governor was provided on the Governor’s website. Currently, the Governor’s website provides press releases, but no organized archive for the citizens of Maryland to seek out executive orders issued by the Governor. **DLS recommends that the Administration create an organized executive order directory to increase transparency to the public.**

## **Recommended Actions**

1. Concur with Governor's allowance.

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**Executive Department – Governor**

***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.

**Proposed Budget**

As shown in **Exhibit 1**, the fiscal 2017 allowance decreases by \$184,000, or 1.6%, from the working appropriation, primarily due to abolished positions.

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

<b>How Much It Grows:</b>	<b><u>General Fund</u></b>	<b><u>Total</u></b>
Fiscal 2015 Actual	\$11,442	\$11,442
Fiscal 2016 Working Appropriation	11,590	11,590
Fiscal 2017 Allowance	<u>11,405</u>	<u>11,405</u>
Fiscal 2016-2017 Amount Change	-\$184	-\$184
Fiscal 2016-2017 Percent Change	-1.6%	-1.6%

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**Where It Goes:**

**Personnel Expenses**

Abolished positions.....	-\$381
Employees' retirement system.....	131
Turnover expectancy.....	39
Employee and retiree health insurance, including an across-the-board reduction.....	-23
Social Security contributions .....	-30

**Other Changes**

Contractual salaries for a senior advisor and photographer .....	110
Replacement information technology equipment .....	-30

**Total** **-\$184**

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

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**Across-the-board Reductions**

The fiscal 2017 budget bill includes an across-the-board (ATB) reduction for employee health insurance, based on a revised estimate of the amount of funding needed. This agency's share of these reductions is \$19,811 in general funds. There is an additional ATB reduction to abolish vacant positions statewide, but the amounts have not been allocated by agency.

**Personnel Costs**

Overall, the budget decreases by \$184,000 in fiscal 2017, primarily due to abolished positions within the Governor's Office, which account for a decrease of \$381,000. Contributions to the employees' retirement system increases by \$131,000. Turnover expectancy increases by \$39,000. Employee and retiree health insurance decreases by \$23,000, including the ATB reduction in health insurance. Social Security contributions decrease by \$30,000.

Although not reflective in the Governor's Office fiscal 2017 budget, \$162,750 in employee increments and associated expenses are expected to be distributed to the agency by budget amendment at the start of the fiscal year. Currently, increments for agencies are included in the Department of Budget and Management's budget.

## ***Issues***

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### **1. Governor’s Office of Performance Improvement**

On October 8, 2015, the Administration announced the creation of the Governor’s Office of Performance Improvement (Performance Office) through Executive Order 01.01.2015.26, which subsumed the office known as StateStat. The Performance Office was established to improve business processes throughout State agencies through greater accountability. The office has the following goals:

- increase the responsiveness and level of customer service of State agencies and departments;
- regularly review procedures, rules, and regulations of State agencies and departments to increase efficiency and effectiveness;
- promote business process improvement strategies to make government responsive to taxpayers;
- facilitate a research and evidence-based environment;
- support cost-optimization strategies;
- help eliminate duplication, fraud, and waste in State agencies and departments by implementing recommendations of the Office of Legislative Audits;
- provide data to policymakers and constituents on government services;
- identify and make recommendations for metrics to track agency and department progress in meeting goals; and
- provide a forum for the exchange of ideas for improvement in the delivery of government services.

Unlike StateStat, the Performance Office does not intend to hold monthly meetings with State agencies but will provide State agency dashboards on its website with the goal of real-time updates. The Performance Office currently has 4 staff members, including the director, and does not expect to need additional staff at this time.

Additionally, the Director of the Performance Office is also the Vice Chair of the Maryland Council on Open Data. The Performance Office’s website provides access to the State’s Open Data Portal, which is an online database of over 500 searchable datasets provided by State agencies; the portal is managed by the Department of Information Technology. State agencies are required by statute (State Government Article – Section 10-1502) to publish machine readable open data, assisted by the Council on Open Data, which promotes the policy of making State data easy to find, access, and use.

The department should comment on the current status of the Performance Office, including accomplishments to date. The department should also provide an overview of the expected duties, responsibilities, goals of the Performance Office, and discuss if more resources or staff may be needed in the future.

## **2. Declaration of State of Emergency**

On Monday, April 27, 2015, there were protests and riots in Baltimore City. As authorized by Section 14-107 of the Public Safety Article, Governor Lawrence J. Hogan declared a State of Emergency. In response to the unrest, several State agencies were activated and involved. Under the statute, after declaration of a State of Emergency, the Governor may suspend any laws, rules, or regulations. For example, in order to address the costs incurred by the State agencies impacted, the Administration transferred \$20.0 million in special funds from the Revenue Stabilization Account (the Rainy Day Fund) to the Board of Public Works' Contingency Fund to reimburse those State agencies. Of this amount, \$6.9 million in unspent funds was subsequently returned to the Rainy Day Fund. Under current statute, there is no required reporting of actions taken by the Governor under a State of Emergency; however, the Department of Legislative Services (DLS) has identified several changes in statute that could be made to require certain reporting. **DLS recommends consideration of legislation to require the Governor to provide notice of suspended laws and emergency fund transfers during a State of Emergency.**

## **3. Accessible Directory of Executive Orders is Lacking**

The Governor has the power to issue executive orders, which are not statutes but do have the force of law. In prior years, a directory has been provided which organized executive orders by number on the Governor's website. Currently, the Governor's website provides press releases, but no organized archive for the citizens of Maryland, which decreases transparency. **DLS recommends that the Administration create an organized executive order directory to increase transparency to the public.**

## ***Recommended Actions***

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1. Concur with Governor's allowance.

## ***Current and Prior Year Budgets***

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### **Current and Prior Year Budgets Executive Department – Governor (\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2015</b>					
Legislative Appropriation	\$12,210	\$0	\$0	\$0	\$12,210
Deficiency Appropriation	0	0	0	0	0
Cost Containment	-301	0	0	0	-301
Budget Amendments	-2	0	0	0	-2
Reversions and Cancellations	-465	0	0	0	-465
<b>Actual Expenditures</b>	<b>\$11,442</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,442</b>
<b>Fiscal 2016</b>					
Legislative Appropriation	\$11,412	\$0	\$0	\$0	\$11,412
Budget Amendments	178	0	0	0	178
<b>Working Appropriation</b>	<b>\$11,590</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,590</b>

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

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## **Fiscal 2015**

The fiscal 2015 appropriation for the Governor’s office decreased by approximately \$768,000. Cost containment resulted in a \$301,000 reduction, which primarily reduced salaries and fringe benefits, and contractual services. A budget amendment to allocate a 2% cost-of-living adjustment (\$89,000) was offset by amendments reallocating funds for health benefits and telecommunications, which resulted in a \$2,000 decrease. A total of \$465,000 in general funds were reverted, primarily due to salary savings.

## **Fiscal 2016**

The fiscal 2016 working appropriation increased by \$178,000 over the legislative appropriation due to a statewide restoration of employee salaries.

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

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	88.10	88.10	84.50	-3.60	-4.1%
02 Contractual	1.00	0.00	1.00	1.00	N/A
<b>Total Positions</b>	<b>89.10</b>	<b>88.10</b>	<b>85.50</b>	<b>-2.60</b>	<b>-3.0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 9,676,327	\$ 10,029,055	\$ 9,784,496	-\$ 244,559	-2.4%
02 Technical and Spec. Fees	89,483	10,000	118,723	108,723	1087.2%
03 Communication	292,645	309,250	312,797	3,547	1.1%
04 Travel	83,847	86,000	85,000	-1,000	-1.2%
07 Motor Vehicles	208,125	69,190	69,197	7	0%
08 Contractual Services	470,922	439,079	425,801	-13,278	-3.0%
09 Supplies and Materials	232,585	198,206	211,206	13,000	6.6%
10 Equipment – Replacement	9,895	110,000	80,000	-30,000	-27.3%
11 Equipment – Additional	61,432	5,000	5,000	0	0%
13 Fixed Charges	316,372	333,757	332,672	-1,085	-0.3%
<b>Total Objects</b>	<b>\$ 11,441,633</b>	<b>\$ 11,589,537</b>	<b>\$ 11,424,892</b>	<b>-\$ 164,645</b>	<b>-1.4%</b>
<b>Funds</b>					
01 General Fund	\$ 11,441,633	\$ 11,589,537	\$ 11,424,892	-\$ 164,645	-1.4%
<b>Total Funds</b>	<b>\$ 11,441,633</b>	<b>\$ 11,589,537</b>	<b>\$ 11,424,892</b>	<b>-\$ 164,645</b>	<b>-1.4%</b>

Note: The fiscal 2016 appropriation does not include deficiencies. The fiscal 2017 allowance does not include contingent reductions.