

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 24 (Delegate Trueschler)
Rules and Executive Nominations

Salaries and Compensation - Governor, Lieutenant Governor, and General Assembly

This constitutional amendment limits the salary recommendations that can be made by the Governor's Salary Commission or the General Assembly Compensation Commission to the lesser of: the percentage increase in the average annual pay of Maryland private sector employees since the most recent salary increase for the official as reported by the Bureau of Labor Statistics of the U.S. Department of Labor; and the average percentage increase in salaries of State employees since the most recent salary increase for the official.

Fiscal Summary

State Effect: General fund expenditures could be affected beginning in FY 2011 depending upon future salary recommendations for the Governor, Lieutenant Governor, and members of the General Assembly.

Local Effect: Expenses for local elections boards could be handled with existing resources.

Small Business Effect: None.

Analysis

Current Law: Salary increases for the Governor, Lieutenant Governor, and members of the General Assembly are not limited to the annual salary increases for the private or public sectors.

The compensation for the Governor, Lieutenant Governor, and members of the General Assembly is set by two separate salary commissions: the Governor's Salary Commission and the General Assembly Compensation Commission.

Compensation for the Governor and Lieutenant Governor

A constitutional amendment in 1976 created a seven-member commission for the purpose of making salary recommendations for the Governor and Lieutenant Governor. The salary recommendations are submitted to the General Assembly whereby members may endorse or reduce the commission's proposals but may not increase the proposed salaries. Failure to adopt a joint resolution within 50 calendar days following its introduction results in adoption of the salaries recommended by the commission. Neither the commission nor the General Assembly may recommend or endorse salaries lower than those received by the incumbent Governor and Lieutenant Governor. Salaries resulting from these actions take effect at the beginning of the next term of office. Members of the Governor's Salary Commission include the State Treasurer, three persons appointed by the President of the Senate, and three persons appointed by the Speaker of the House of Delegates.

The Governor's Salary Commission released a report on December 11, 2001 that included the recommended salary levels for the Governor and Lieutenant Governor for the next term of office that began on January 2003 and the assumptions that were used in determining the new salary levels. In developing its recommendations, the commission examined various data including salary trends among key administrative posts in Maryland State government, salaries paid to other governors and lieutenant governors, salaries paid to Maryland county executives, changes to salaries of State employees over the last four fiscal years, and cost-of-living increases. The commission noted that the salaries of the Governor and Lieutenant Governor had not increased in 12 years and that many key administrative posts in the State government had salaries that exceeded that of the Governor. **Exhibit 1** shows the salary levels that were recommended by the commission and approved by the General Assembly.

Exhibit 1
Current Salaries for the Governor and Lieutenant Governor

		<u>Governor</u>	<u>Lieutenant Governor</u>
First Year	2003	\$135,000	\$112,500
Second Year	2004	140,000	116,667
Third Year	2005	145,000	120,833
Fourth Year	2006	150,000	125,000

Compensation for Members of the General Assembly

A constitutional amendment in 1970 created a nine-member commission and specified that the commission submit salary and allowance recommendations to the legislature every four years. Through a joint resolution, the General Assembly may reduce or reject, but may not increase the level of compensation. Failure to adopt a joint resolution within 50 calendar days following its introduction results in adoption of the salaries recommended by the commission. Members of the General Assembly Compensation Commission include five persons appointed by the Governor, two persons appointed by the President of the Senate, and two persons appointed by the Speaker of the House of Delegates. All members of the General Assembly receive the same salary except for the presiding officers.

The General Assembly Compensation Commission released a report on January 11, 2002 that included the recommended salary levels for members and the assumptions that were used in determining the new salary levels. **Exhibit 2** shows the salary levels that were recommended by the commission and approved by the General Assembly.

Exhibit 2
Current Salaries for Members of the General Assembly

<u>Year</u>	<u>Members</u>	<u>Presiding Officers</u>
2003	\$34,500	\$47,500
2004	37,500	50,500
2005	40,500	53,500
2006	43,500	56,500

State Fiscal Effect: The Governor's Salary Commission and the General Assembly Compensation Commission are expected to release reports on recommended salary levels prior to 2007, the start of the next term of office for the Governor, Lieutenant Governor, and members of the General Assembly. Assuming this constitutional amendment is approved by the voters at the 2006 general election, it would not affect the recommended salaries levels for effected State officials until calendar 2011.

Local Fiscal Effect: If approved by the General Assembly, this constitutional amendment will be submitted to the voters at the 2006 general election. The Maryland Constitution requires that proposed amendments to the constitution be publicized either: (1) in at least two newspapers in each county, if available, and in at least three newspapers in Baltimore City once a week for four weeks immediately preceding a general election; or (2) by order of the Governor in a manner provided by law. State law requires local boards of elections to publicize proposed amendments to the constitution either in newspapers or on specimen ballots. Local boards of elections are responsible for the costs associated with these requirements. It is anticipated that the fiscal 2007 budgets of local elections boards will contain funding for notifying qualified voters about proposed constitutional amendments for the 2006 general election in newspapers or on specimen ballots. It should not result in additional costs for the county elections boards.

Additional Information

Prior Introductions: An identical bill was introduced at the 2004 session as HB 800. The House Rules and Executive Nominations Committee did not take action on the bill.

Cross File: None.

Information Source(s): Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2005
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