

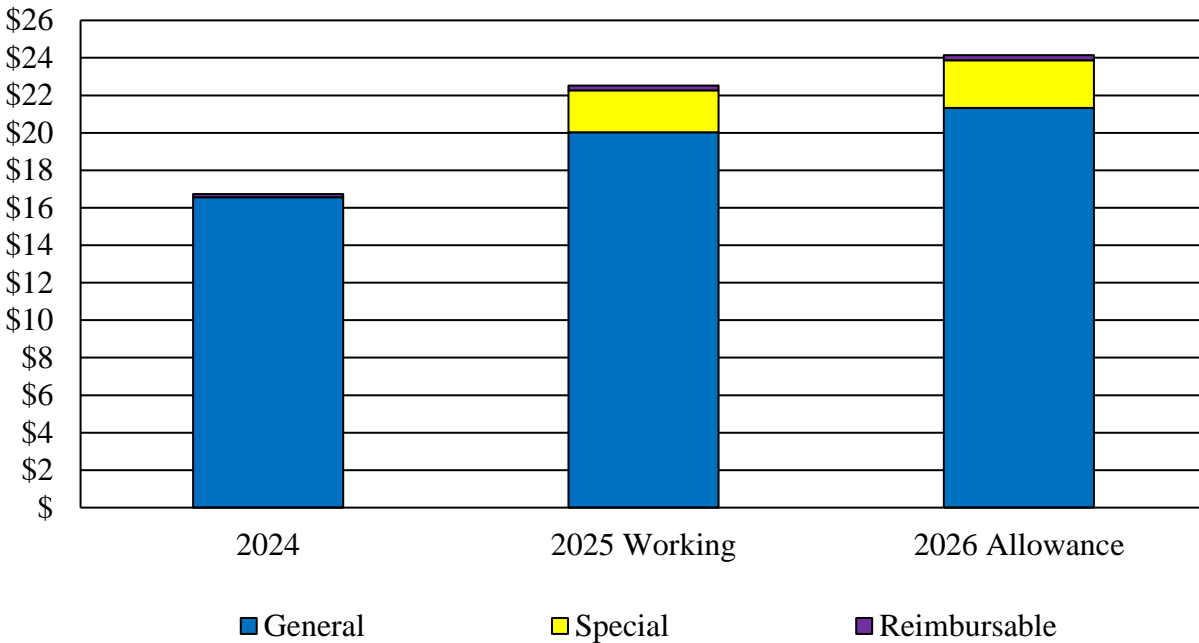
D10A01
Executive Department – Governor

Program Description

The executive power of the State is vested in the Governor, who serves as the chief executive officer. The Governor exercises supervision over the agencies of the Executive Branch and provides oversight, guidance, and coordination to various State agencies. In discharging the duties of the office, the Governor appoints State officials, grants pardons and reprieves, and represents the State in its relations with other jurisdictions and the public. Each year, the Governor presents to the General Assembly his work program and financial requirements for the ensuing year in the budget and reports on the condition of the State. Amendments to the enacted budget are approved by the Governor.

Operating Budget Summary

Fiscal 2026 Budget Increases \$1.6 Million, or 7.0%, to \$24.1 Million
(\$ in Millions)



Note: The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

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Fiscal 2025

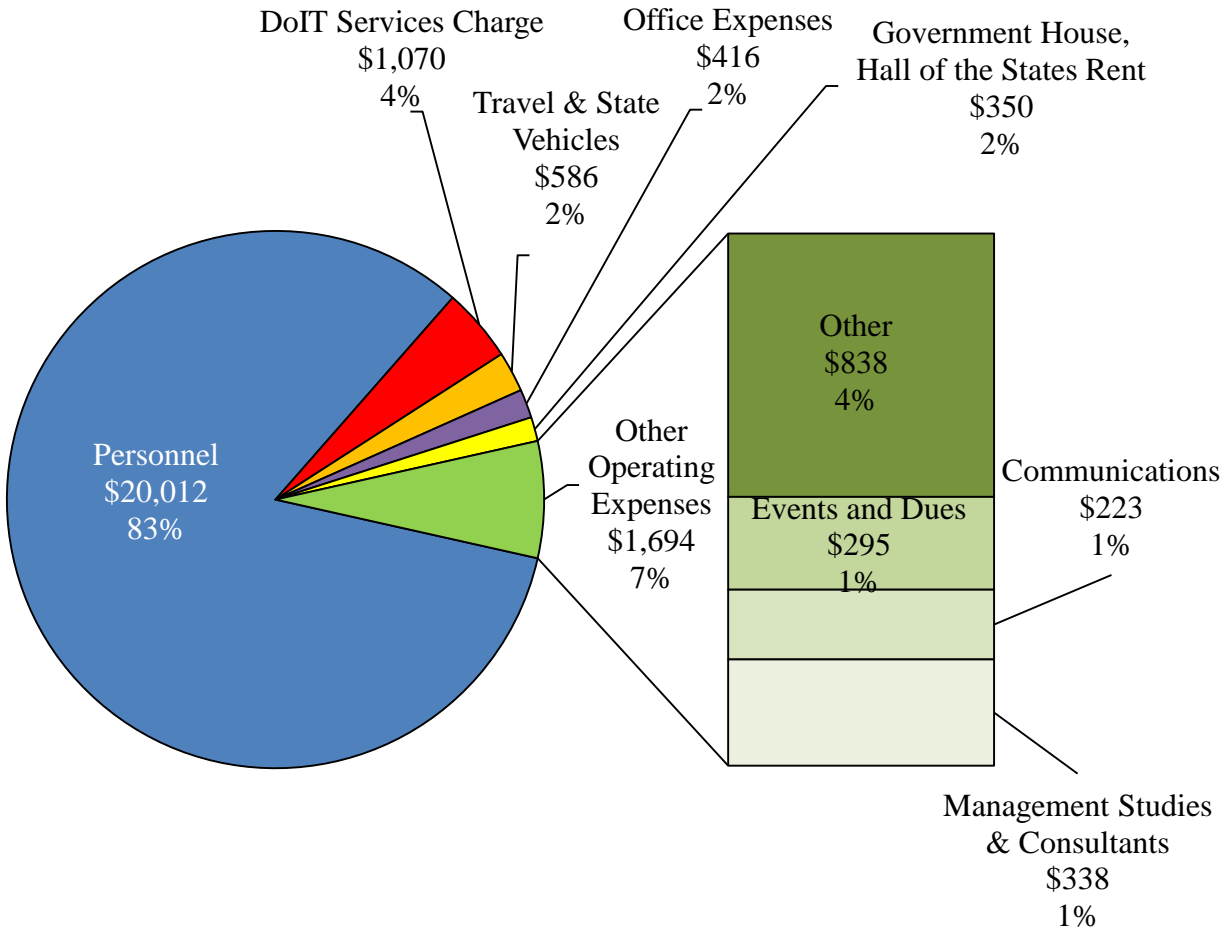
Proposed Deficiency

There are two proposed deficiencies included in the fiscal 2026 budget that provide a net \$403,712 in general funds for the Governor’s Office. The first deficiency withdraws \$76,288 for personnel expenses to transfer a position to the Governor’s Grants Office. The second deficiency adds \$480,000 for a federal government affairs contract to assist the Governor’s Office of Federal Relations in advancing the State’s priorities, particularly related to the appropriations process and other key policy areas impacting State programs and federal support. **Given the fiscal outlook, the Department of Legislative Services (DLS) recommends eliminating the \$480,000 deficiency appropriation for the federal government affairs contract.**

Fiscal 2026 Overview of Agency Spending

As shown in **Exhibit 1**, the majority of the Governor’s Office budget (83%) consists of expenses related to personnel. Personnel expenses include the Governor and Lieutenant Governor’s executive staff and advisors and other personnel who assist with the daily functions of the office. The remaining agency spending is split across various operating expenses, such as the Department of Information Technology services allocation (%), travel and State vehicles (2%), office expenses (2%), and Government House operations and rent for the Hall of the States (2%).

**Exhibit 1
Overview of Agency Spending
Fiscal 2026 Allowance
(\$ in Thousands)**



DoIT: Department of Information Technology

Note: The fiscal 2026 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Department of Budget and Management

Proposed Budget Change

As shown in **Exhibit 2**, the fiscal 2026 allowance increases by \$1.6 million, or 7.0%, compared to the fiscal 2025 working appropriation. The largest increase in spending is \$953,996 due to salary increases and associated fringe benefits including the fiscal 2025 cost-of-living

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adjustment and increments. Other personnel-related spending includes an additional \$506,307 for 3 new positions. Additionally, there is an increase of \$436,984 in management studies, software licenses, and outside consultants for the Innovation Team within the Governor’s Office.

**Exhibit 2
Proposed Budget
Executive Department – Governor
(\$ in Thousands)**

How Much It Grows:	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2024 Actual	\$16,565	\$0	\$0	\$170	\$16,735
Fiscal 2025 Working Appropriation	20,025	2,249	51	248	22,572
Fiscal 2026 Allowance	<u>21,327</u>	<u>2,544</u>	<u>0</u>	<u>277</u>	<u>\$24,149</u>
Fiscal 2025-2026 Amount Change	\$1,303	\$296	-\$51	\$30	\$1,577
Fiscal 2025-2026 Percent Change	6.5%	13.1%	-100.0%	11.9%	7.0%

Where It Goes: **Change**

Personnel Expenses

Salary increases and associated fringe benefits, including fiscal 2025 COLA and increments	\$954
Personnel costs associated with 3 new positions	506
Employee and Retiree Health Insurance.....	489
Workers’ compensation	2
Accrued leave payout	-15
Turnover rate increase from 0.52% to 0.71%	-33
Reclassification costs for new positions added in fiscal 2025.....	-773

Operating Expenses

Management studies, software licenses, and outside consultants to support the Innovation Team	437
DoIT services allocation increases due to additional staff	212
Motor vehicle expenses due to additional vehicles for the Governor and support staff as well as maintenance and fuel.....	145
Maintenance of system software	41
Travel, including out-of-state routine operations and conferences partially offset by a reduction in in-state travel	38
Subscriptions and association dues.....	35
Advertising and legal publication.....	-21

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Where It Goes:	<u>Change</u>
Fiscal 2025 deficiency for a federal government affairs contract; the fiscal 2026 allowance does not include funding for this purpose	-480
Other operating expenses.....	38
Total	\$1,577

COLA: cost-of-living adjustment
DoIT: Department of Information Technology

Note: Numbers may not sum to total due to rounding. The fiscal 2025 working appropriation accounts for deficiencies. The fiscal 2025 impacts of statewide salary adjustments are centrally budgeted in the Department of Budget and Management (DBM), and adjustments are not reflected in this agency’s budget. The fiscal 2026 impacts of the fiscal 2025 statewide salary adjustments appear in this agency’s budget. The fiscal 2026 statewide salary adjustments are centrally budgeted in DBM and are not included in this agency’s budget.

Personnel Data

	<u>FY 24</u>	<u>FY 25</u>	<u>FY 26</u>	<u>FY 25-26</u>
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	100.00	122.00	125.00	3.00
Contractual FTEs	<u>0.70</u>	<u>2.75</u>	<u>2.75</u>	<u>0.00</u>
Total Personnel	100.70	124.75	127.75	3.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.87	0.71%
Positions and Percentage Vacant as of 12/31/24	13.00	10.66%
Vacancies Above Turnover	12.13	

- As of December 31, 2024, there were 13 vacant positions with 2 of them being vacant for less than three months. Of the remaining vacancies, 3 have been vacant for less than nine months and 8 have been vacant for over a year.
- Three new regular positions are added in the fiscal 2026 allowance. One position will provide oversight to support Maryland’s Office of Overdose Response and is supported with special funds. The other 2 positions are for a director and special assistant to lead the Government Modernization Initiative. This initiative is intended to identify performance and cost inefficiencies. The new positions will provide oversight under the Governor’s Office of Performance Improvement. **DLS recommends deleting the 2 new positions for the Government Modernization Initiative and filling the roles by reclassifying long-term vacant positions.**

Key Observations

1. Upcoming Activities for Innovation Team

In fiscal 2025, the Executive Department received \$2.15 million from Bloomberg Philanthropies in order to create an innovation team. This team was to be comprised of 8 new positions that will act as an in-house consultancy, working on State priorities of childhood poverty and economic mobility by collaborating with partners and internal and external stakeholders to solve challenging urban issues. As of February 17, 2025, 7 of the 8 positions have been filled with the remaining position expected to be filled by the end of February 2025. The team has also begun outreach with stakeholders across the State and has developed focus areas within economic mobility, including access to benefits, workforce development, and wealth building opportunities and access to capital for small businesses. A research plan has also been developed to understand the impacts of the State’s existing poverty alleviation initiatives and assess where the innovation team can fill the gaps.

Bloomberg Philanthropies is providing \$2.32 million in fiscal 2026 for the innovation team, as established in the agreement with the Office of the Governor. This additional funding will support the launch of the team’s initial project, which is intended to increase residents’ and small business’ access to capital through the Maryland Community Investment Venture Fund, as well as build out and begin implementing additional research projects. Further research and community engagement will occur in fiscal 2026, including interviews and focus groups to better understand the needs of residents, small businesses, and other relevant stakeholders across the state. The innovation team will continue to work with other agencies by providing capacity support and identifying new projects that align with its mission.

Operating Budget Recommended Actions

	<u>Amount Change</u>		<u>Position Change</u>
1. Reduce 2.0 new positions (N2617199 and N2617200). The Executive Department – Governor has 13 vacant positions as of December 31, 2024. The function of the new positions can be filled by reclassifying existing long-term vacant positions.	-\$ 303,287	GF	-2.0
2. Eliminate the deficiency appropriation for the federal government affairs contract due to the fiscal condition of the State.	-\$ 480,000	GF	
Total Net Change to Fiscal 2025 Deficiency	-\$ 480,000		
Total General Fund Net Change to Allowance	-\$ 303,287		-2.0

**Appendix 1
Audit Findings**

Audit Period for Last Audit:	November 19, 2018-February 23, 2023
Issue Date:	April 2024
Number of Findings:	0
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	N/A

The Office of Legislative Audits did not report any findings.

**Appendix 2
Object/Fund Difference Report
Executive Department – Governor**

<u>Object/Fund</u>	<u>FY 24 Actual</u>	<u>FY 25 Working Appropriation</u>	<u>FY 26 Allowance</u>	<u>FY 25 - FY 26 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	100.00	122.00	125.00	3.00	2.5%
02 Contractual	0.70	2.75	2.75	0.00	0%
Total Positions	100.70	124.75	127.75	3.00	2.4%
Objects					
01 Salaries and Wages	\$ 14,350,256	\$ 18,781,499	\$ 19,836,131	\$ 1,054,632	5.6%
02 Technical and Special Fees	31,341	194,648	197,930	3,282	1.7%
03 Communication	164,303	218,000	222,800	4,800	2.2%
04 Travel	175,923	278,210	316,581	38,371	13.8%
07 Motor Vehicles	158,109	124,058	269,462	145,404	117.2%
08 Contractual Services	1,199,483	1,826,745	2,499,548	672,803	36.8%
09 Supplies and Materials	236,636	326,064	336,064	10,000	3.1%
10 Equipment – Replacement	5,150	27,000	27,000	0	0%
11 Equipment – Additional	54,964	50,000	53,000	3,000	6.0%
13 Fixed Charges	359,081	342,404	390,401	47,997	14.0%
Total Objects	\$ 16,735,246	\$ 22,168,628	\$ 24,148,917	\$ 1,980,289	8.9%
Funds					
01 General Fund	\$ 16,565,188	\$ 19,620,937	\$ 21,327,332	\$ 1,706,395	8.7%
03 Special Fund	0	2,248,652	2,544,225	295,573	13.1%
05 Federal Fund	0	51,200	0	-51,200	-100.0%
09 Reimbursable Fund	170,058	247,839	277,360	29,521	11.9%
Total Funds	\$ 16,735,246	\$ 22,168,628	\$ 24,148,917	\$ 1,980,289	8.9%

Note: The fiscal 2025 appropriation does not include deficiencies. The fiscal 2026 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.