

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Joint Resolution 9 (Delegate Kach, *et al.*)

Rules and Executive Nominations

General Assembly Compensation Commission - Recommendations

This joint resolution rejects the recommendations of the General Assembly Compensation Commission (GACC) regarding (1) changes in the salary received by members and presiding officers of the General Assembly and (2) reimbursements and/or allowances for meals, lodging, and travel. The provisions related to compensation and reimbursements/allowances for members of the General Assembly and the presiding officers remain as provided in the Resolution of the GACC dated January 5, 2010, as amended by Joint Resolution 4 of 2010.

Fiscal Summary

State Effect: General fund expenditures by the Maryland General Assembly decrease by \$208,000 in FY 2015 compared with the level of salary and travel allowance that members of the General Assembly would receive in the absence of this joint resolution. This reflects the new compensation levels taking effect in January 2015. Out-year savings reflect annual increases in member salaries included in the GACC resolution. There is only a half-year effect in FY 2019, primarily related to level of salary, as the GACC resolution only covers the next four-year legislative term. No effect on revenues.

(in dollars)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	(208,000)	(530,000)	(852,000)	(1,174,100)	(644,100)
Net Effect	\$208,000	\$530,000	\$852,000	\$1,174,100	\$644,100

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A constitutional amendment, approved by the voters in 1970, created the nine-member GACC and specified that the commission submit salary and allowance recommendations to the legislature every four years. Members of the General Assembly and State and local government officers and employees are not eligible for appointment to the commission.

The constitutional provisions, Article III, Section 15, provide that:

- The compensation commission must submit its compensation, allowances, and pension recommendations to the General Assembly by formal resolution within 15 days after the beginning of the last regular General Assembly session in a four-year term of office. In 2014, the commission was required to submit its resolution proposing compensation and allowances for the 2015-2018 General Assembly term by January 22, 2014.
- Rates of compensation and pensions must be uniform for all members of the General Assembly, except that the officers of the Senate and the House of Delegates (traditionally, the President and the Speaker) may receive higher compensation.
- Compensation allowances may not be less than the dollar amounts prior to the establishment of the first compensation commission in 1970.
- Through a joint resolution, the General Assembly may reduce or reject, but may not increase, any item in the resolution. If the General Assembly takes no action on the GACC resolution, its recommendations take effect at the beginning of the next General Assembly.
- The commission's resolution, with any reductions concurred in by joint resolution of the General Assembly, has the force of law and takes effect at the beginning of the next General Assembly.
- The provisions of each resolution govern until superseded by a subsequent resolution.

The Maryland Constitution, as interpreted by the Attorney General, gives the commission exclusive jurisdiction over salaries, meal and lodging expense allowances, travel allowances, employee benefit programs, and the legislative retirement system. This exclusive jurisdiction extends only to payments made to the legislators themselves.

The [*Report of the General Assembly Compensation Commission*](#), published on January 7, 2014, contains exhibits that set forth the process and timeline by which a resolution takes effect, and summarize the commission's 11 preceding resolutions.

Background: The 2014 GACC recommends that salaries be increased from their current levels of \$43,500 for members and \$56,500 for presiding officers. **Exhibit 1** shows the proposed increases, which begin in January of each year.

Exhibit 2
General Assembly Compensation Commission Salary Recommendations

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Members	\$45,207	\$46,915	\$48,622	\$50,330
Presiding Officers	\$58,718	\$60,935	\$63,153	\$65,371

Source: Department of Legislative Services

Regarding expense reimbursements and allowances, the commission recommends that the annual in-district travel allowance increase from \$500 to \$750; the General Assembly previously rejected an increase from \$500 to \$600 recommended by the 2006 commission and an increase to \$650 recommended by the 2010 commission. The commission's resolution also replaces the current \$225 per-day limit for reimbursement of approved out-of-state travel expenses with a requirement that such reimbursements be subject to the most current published federal General Services Administration (GSA) daily per-diem rates for meals and lodging. It also substitutes the GSA schedule for in-state lodging for the Internal Revenue Service (IRS) schedule that has been used to date because the IRS no longer publishes a reimbursement schedule. Except for the change in travel allowance, these changes to lodging and meal reimbursements have no practical effect on reimbursement rates or expenditures.

The commission recommends several changes to the Legislative Pension Plan (LPP) in light of pension benefit reforms that were enacted in 2011 for most State employees and teachers. First, it makes membership in LPP mandatory; to date, it has been voluntary, but most General Assembly members participate. Second, it raises the member contribution rate from 5% of compensation to 7%. Third, members who join after January 14, 2015, are eligible for normal service retirement at age 62 (instead of age 60) and for early retirement at age 55 (instead of age 50). Vesting and benefit levels within LPP remain the same. This joint resolution does not affect the LPP provisions of the GACC resolution.

State Fiscal Effect: The joint resolution's rejection of the salary increases and travel allowance increase means that the current salaries and allowance levels remain in effect. As the GACC changes would otherwise take effect in January 2015, the first-year effect only applies to the last six months of fiscal 2015. Therefore, general fund expenditures

decrease by \$207,969 in fiscal 2015, which reflects the half-year of savings, except for the travel allowance, which is recognized in full in fiscal 2015 through 2018. Savings continue to accrue in the out-years, reflecting the annual increases in compensation that would otherwise take effect. Fiscal 2019 reflects only a half-year of salary savings.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2014
mc/lgc

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