

The State of Maryland

Executive Department

Executive Order
01.01.2009.11

Fiscal Year 2010 State Employees' Furlough and Temporary Salary Reduction Plan

- WHEREAS, The State of Maryland has experienced significant and unanticipated revenue shortfalls, necessitating reductions in the budget for Fiscal Year 2010;
- WHEREAS, The State's fiscal crisis has resulted from a national recession and continued declines in tax revenue, which have contributed to a projected deficit of over \$700 million for the Fiscal Year 2010 budget;
- WHEREAS, Pursuant to action by the Governor, with the approval of the Board of Public Works, under State Finance and Procurement Article Section 7-213, the budget for the State of Maryland for Fiscal Year 2010, as adopted during the 2009 Session of the General Assembly, was adjusted on July 22, 2009 by \$343,875,594, including \$281,523,587 in General Fund reductions and reversions;
- WHEREAS, The O'Malley-Brown Administration has reduced spending growth by more than \$3.8 billion since taking office and has eliminated over 2,800 State positions, while avoiding significant layoffs;
- WHEREAS, Despite the above efforts, in order to balance the Fiscal Year 2010 budget it is necessary to make further adjustments of \$488,423,050, including General Fund reductions and other actions totaling \$454,180,371;
- WHEREAS, It is not possible to achieve reductions in spending of the magnitude necessary without taking some actions that affect State employees;

WHEREAS, Substantial savings may be achieved without undue interruption of State services if State employees are required to participate in a carefully managed furlough and salary reduction plan;

WHEREAS, A carefully managed furlough and salary reduction plan for State employees will mitigate the need for significant layoffs;

WHEREAS, The Second Budget Reconciliation Act for Fiscal Year 1992, Chapter 62 of the Laws of Maryland 1992, authorizes the Governor to institute a furlough plan for State employees by executive order in any fiscal year in which appropriations are reduced pursuant to State Finance and Procurement Section 7-213; and

WHEREAS, It is in the interest of the State to allow employees flexibility in the implementation of the furlough and salary reduction plan.

NOW, THEREFORE, I, MARTIN O'MALLEY, GOVERNOR OF THE STATE OF MARYLAND, BY VIRTUE OF THE AUTHORITY VESTED IN ME BY THE CONSTITUTION AND LAWS OF MARYLAND, HEREBY PROCLAIM THE FOLLOWING EXECUTIVE ORDER, EFFECTIVE IMMEDIATELY:

A. Except as provided in paragraph M, this Executive Order applies to all employees of the State of Maryland, including employees of agencies with independent salary setting authority or independent personnel systems, employees of the Maryland Automobile Insurance Fund, the Maryland Food Center Authority, the Maryland Port Administration, the Maryland Stadium Authority, the Injured Workers Insurance Fund, and all contractual employees.

B. (1) "Employees of 24/7 operations" means direct care employees in health, juvenile services, and correctional facilities; police officers employed by the State at the rank of first sergeant or below, except those in administrative or clerical positions; and other employees designated by the Secretary of Budget and Management who work on a shift schedule providing services as part of a 24-hour operation.

(2) "Salary" or "salaries" means gross annual salary or salaries as of August 26, 2009, not including overtime, acting capacity, or shift differentials.

C. (1) All employees subject to this Executive Order who earn salaries of \$40,000 or more, except employees of 24/7

operations, shall be required to take furlough hours based on salary level before July 1, 2010. Employees earning between \$40,000 and \$49,999 will be required to take twenty-four furlough hours, while employees earning between \$50,000 and \$99,999 will be required to take thirty-two furlough hours, and employees earning \$100,000 or more will be required to take forty furlough hours.

(2) All employees subject to this Executive Order who earn salaries of \$40,000 or more, including employees of 24/7 operations, will also have a temporary salary reduction equivalent to five days of pay.

(3) All contractual employees subject to this Executive Order, regardless of salary level, shall be required to take twenty-four furlough hours.

(4) All employees earning salaries of less than \$40,000, including employees of 24/7 operations, will not be required to take furloughs, although they will have a temporary salary reduction equivalent to three days of pay.

D. An employee may take furlough time in increments of four hours.

E. An employee may not receive pay for time during which the employee is furloughed.

F. An employee may not work during furlough time except that in the event of an emergency the appointing authority may revoke furlough time and the employee shall be paid for that time. An employee whose furlough time is revoked due to an emergency shall be required to take the furlough time on another day.

G. Unless authorized in writing by the employee's supervisor during a work week in which furlough time is scheduled, an employee may not work in excess of the employee's normal work week reduced by furlough time taken during such work week.

H. For all purposes other than salary or wages, an employee on furlough time shall be deemed to be on paid leave.

I. The Secretary of Budget and Management, the heads of every other personnel system, and the appointing authorities shall take all action as necessary or desirable to implement this

furlough plan. The Secretary, the heads of every other personnel system, and the appointing authorities are authorized to designate certain time as furlough time for groups of employees, to allow employees to designate their own furlough time with approval of their supervisors, which approval may be withheld only in the event of an emergency, or otherwise to manage this program with the least possible disruption to the provision of State services.

J. In addition to furloughs the Secretary of Budget and Management shall implement a temporary salary reduction for State employees pursuant to the Secretary's authority under Title 8 of the State Personnel and Pensions Article.

K. The Administration will propose legislation during the 2010 Session of the General Assembly providing that calculation of the rate of overtime payment shall be based on an employee's rate of compensation in effect immediately prior to the temporary salary reduction, and that the legislation be applied retroactively to the date of this Executive Order.

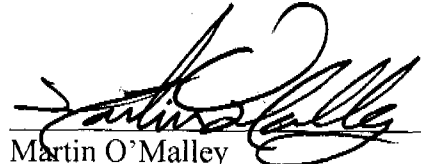
L. (1) Routine State government operations shall be significantly curtailed on the following days: September 4, 2009, the day before the Labor Day holiday; November 25, 2009, the day before the Thanksgiving and American Indian Heritage Day holidays, with the exception of the Maryland Department of Transportation; December 24, 2009, the day before the Christmas holiday; December 31, 2009, the day before New Year's Day; May 28, 2010, the day before the Memorial Day holiday; and, with regard to the Maryland Department of Transportation only, November 27, 2009, the day after Thanksgiving. This action will allow the State to achieve additional savings due to reduced operating expenses over the long holiday weekends.

(2) With the exception of employees of 24/7 operations, the Secretary of Budget and Management shall authorize paid administrative leave for the five days listed in paragraph L(1) for non-contractual, State employees earning \$40,000 or more, and three administrative leave days for non-contractual, State employees earning less than \$40,000. For two of the five days, employees earning less than \$40,000 shall be permitted to take accrued annual, personal, or compensatory leave, or they may choose to take voluntary furlough days of leave without pay.

M. This Executive Order does not apply to:

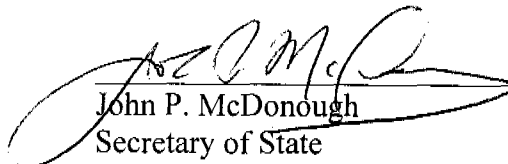
- (1) The Legislative Branch;
- (2) The Judicial Branch;
- (3) Officers whose compensation may not lawfully be reduced under Article III, Section 35 of the Maryland Constitution;
- (4) Employees designated as entirely or partially exempt from any provision of this Order by the Secretary of Budget and Management; and
- (5) Employees of the University System of Maryland, St. Mary's College of Maryland, Morgan State University and Baltimore City Community College; however each university appropriation shall be reduced to reflect the amount of savings that would be achieved by implementing a furlough plan at each university in accordance with its rules and regulations and subject to approval of its governing board.

GIVEN Under My Hand and the Great Seal of the State of Maryland, in the City of Annapolis, this 25th day of August, 2009.



Martin O'Malley
Governor

ATTEST:



John P. McDonough
Secretary of State

