The State of Maryland

Executive Department

EXECUTIVE ORDER
01.01.2008.20

State Employees' Furlough and Temporary Salary Reduction Plan

WHEREAS, During fiscal year 2009, the State of Maryland, like other states in our nation, has experienced significant revenue shortfalls which have necessitated significant reductions in the fiscal year 2009 budget;

WHEREAS, The State's fiscal crisis has been exacerbated by a national economic downturn that has become a recession, declines in sales tax revenue, and a forecast of a reduction in income tax collections associated with capital gains, all of which have contributed to a projected deficit for the fiscal year 2009 budget;

WHEREAS, The budget for the State of Maryland for fiscal year 2009, as adopted during the 2008 Session of the General Assembly, was reduced by $75,179,560 on June 25, 2008, $347,786,298 on October 15, 2008, and $1,696,212 on November 5, 2008, pursuant to action by the Governor, with the approval of the Board of Public Works, under the State Finance and Procurement Article ("SFP") §7-213;

WHEREAS, The O'Malley-Brown Administration has reduced spending growth by more than $2.2 billion since taking office and has eliminated 1,500 State positions, while avoiding significant layoffs;

WHEREAS, The Board of Revenue Estimates in its report of December 16, 2008, is expected to announce hundreds of millions in further reductions in state revenues for fiscal years 2009 and 2010;

WHEREAS, Despite the above specified reductions in the fiscal year 2009 of nearly $425 million, in order to balance the fiscal year 2009 budget, it is again necessary to reduce appropriations;

WHEREAS, It is impossible to achieve reductions in spending of this magnitude without some action affecting 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 plan for state employees is preferable to layoffs during these difficult economic times;

WHEREAS, Any cost containment plan ought to be progressive and place more of the financial burden on higher paid employees;

WHEREAS, To mitigate the impact of any salary reduction it is in the interests of state employees that the required two days salary equivalent reduction be spread over the remainder of FY 2009;

WHEREAS, In order to maximize operational savings outside of 24/7 health and public safety operations, state government operations should be significantly curtailed on the day after Christmas, Friday December 26, 2008 and the day after New Year's Day, Friday, January 2, 2009, but state employees should not also be asked to take those two days as unpaid furlough days;

WHEREAS, The Second Budget Reconciliation Act for Fiscal Year 1992, Chapter 62 of the Laws of Maryland 1992, authorized the Governor to institute a furlough plan for state employees by executive order in any fiscal year in which appropriations are reduced pursuant to SFP §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 L, this Executive Order applies to all employees of the State of Maryland, including, but not limited to, 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) All employees subject to this Executive Order shall be required to forego the equivalent of two days of pay, and employees making more than $40,000 will also be required to take sixteen or twenty-four furlough hours on or after January 14, 2009 and before June 30, 2009.

(2) Employees earning salaries of less than $40,000 will not be required to take furlough hours, although they will be included in the two days of pay equivalent salary reduction.

(3) Employees earning $40,000 or more will also be included in the two days of pay equivalent salary reduction and those earning salaries of $40,000-$59,999 will be required to take 16 furlough hours, while those employees earning $60,000 and over will be required to take 24 furlough hours.

(4) Salary or salaries means gross annual salary or salaries as of January 14, 2009, not including overtime, acting capacity, or shift differentials.

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

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

E. An employee may take no more than eight furlough hours during any single work week.

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. Routine state government operations shall be significantly curtailed for the day after Christmas, Friday December 26, 2008, and the day after New Year's Day, Friday, January 2, 2009, thus allowing the State to achieve additional savings due to reduced operating expenses over the long holiday weekends. The Secretary of Budget and Management shall authorize Administrative Leave for non-contractual state employees on those two days.

L. This Executive Order does not apply to:

(1) The Legislative Branch;

(2) The Judicial Branch;

(3) Officers whose compensation is subject to Article III, § 35 of the Maryland Constitution;

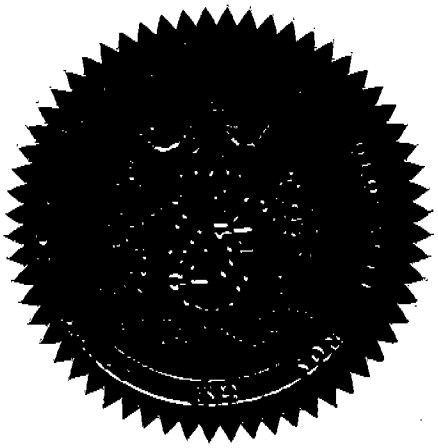
(4) Direct care employees in health, juvenile services, and correctional facilities; police officers employed by the State at the rank of first sergeant or below, except those in administrative or clerical positions; and other employees designated by the Secretary of Budget and Management who work on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

(5) Employees who secure and maintain state facilities on a 24-hour per day basis; or

(6) Employees of the University System of Maryland, St. Mary's College of Maryland, Morgan State University and Baltimore City Community College; however each university or

college's appropriation shall be reduced to reflect the amount of savings which 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 16th day of December, 2008.



Martin O'Malley
Governor

ATTEST:

John P. McDonough
Secretary of State