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Hogan's 'tax' on state workers

By **Stephanie B. Gibson, Heather L. Pfeifer**

UB profs: Larry Hogan's budget proposal effectively levies a tax on state employees.

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Although Gov. **Larry Hogan** campaigned on no new taxes and, in fact, wants to roll back some of the taxes he thinks were unfairly instituted, his budget proposal actually levies a specific (and punitive) tax, through a contorted fiscal slight of hand, on state employees. The way this is accomplished is by his decision to recast the cost of living adjustment state employees just received this fiscal year into a "bonus."

A little history is in order. State employees have only recently emerged from a dismal run of frozen and reduced compensation. For fiscal years 2010, 2011 and 2012, state employees received no increases in compensation of any sort. In fact, during those three years state employees were furloughed every year. That's three years when state employees gave back significant portions of their salaries to help the state through the fiscal crisis. Most of us did this willingly, knowing that furloughs were helping us

preserve jobs. Because our salaries were lower for those three years we did not have to say goodbye to colleagues who might have been laid off. Given the choice between furloughs and personnel cuts (and to be clear, none of us were actually given that choice) most of us would choose the temporary pay reduction. In 2013, a proverbial light appeared at the end of the long tunnel: State employees received their first cost of living adjustment (known as a COLA) in four years — a 2 percent increase. And in 2014, the legislature approved another 3 percent COLA. As everyone knows, COLAs are only part of the pay package. From 2009 until 2013, state employees had also not received any merit increases. It was only just in 2014 when the state allocated 2.5 percent for merit raises.

But alas, our relief was to be short lived. Once again, in an effort to tighten the state's belt, legislators voted in the 2014 General Assembly session to push back the start of the next fiscal year's COLA for state employees to January of 2015, thus putting off for six months this much anticipated increase. Hence, the COLA was effectively cut in half for this current fiscal year.

Now our newly elected governor says the state will take back the 2 percent COLA the legislature approved last session by saying that it is no longer a cost of living adjustment but is, instead, a bonus. Thus the governor has accomplished by wordsmithing what he could not accomplish in a real budget. As Sen. [Richard S. Madaleno Jr.](#) and others have noted, Governor Hogan has balanced the budget on the backs of state employees. Because of budget cuts and rollbacks, some entities, like the University of Maryland College Park, have already announced that they will be furloughing employees once again this year.

State employees are often a popular target for political, especially Republican, wrath. Yet let's not forget it is state employees who educate our children, keep the public safe and keep the state operating through all types of impediments. And it was state employees whose furloughs made it possible to keep the state operating through the dismal years following the Great Recession, avoiding tuition increases, for instance, at [University System of Maryland](#) schools for all the state's residents.

So we find it disheartening, and frankly disingenuous, that Governor Hogan's campaign promise of "no new taxes" appears to apply only to those citizens who work in the private sector. Because come July 1, 2015, all state employees will see their paychecks go down by 2 percent, essentially a tax increase for them.

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