

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 263 (Senator Stone, et al.)

Judicial Proceedings

Referred to Appropriations

State Personnel - Hearings and Decisions

This amended emergency bill requires the Secretary of Personnel to delegate to the Office of Administrative Hearings (OAH) the authority to hear and issue **final** decisions in a grievance or an appeal from the denial of a pay increment, or in eight other issues specified in the bill. Currently, the Secretary of Personnel may delegate decision making authority to the Office of Administrative Hearings and the decisions by the office may be appealed to the Department of Personnel.

In addition, the bill provides that within 30 days after receiving a grievance appeal, the Secretary of Personnel must mediate a settlement between an employee and the unit or uphold the unit's decision and refer the appeal to the OAH. The Secretary must advise the employee in writing of the action taken.

Fiscal Summary

State Effect: General fund expenditures would decrease by about \$68,200 in FY 1997. Out-year reductions reflect full salaries, turnover, and inflation.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	(68,200)	(116,000)	(120,300)	(124,700)	(\$129,300)
Net Effect	(\$68,200)	(\$116,000)	(\$120,300)	(\$124,700)	(\$129,300)

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

Local Effect: None.

Fiscal Analysis

State Expenditures: Under current practice, employee grievances and appeals are referred to the Office of Administrative Hearings and any decision by OAH may be appealed to the Department of Personnel (DOP) for a final decision. This bill requires the Secretary of Personnel to mediate a settlement in an employee appeal before sending the matter to OAH. If unsuccessful, the Secretary must refer the matter to OAH for a final decision.

It is estimated that the Department of Personnel would review 2,100 employee appeals in fiscal 1997. Therefore, DOP would need a staff of approximately six employees to mediate settlements. It is assumed that the two Personnel Administrators who currently review OAH cases would conduct mediation hearings. Therefore, DOP would require four additional Personnel Administrators. As a result, general fund expenditures would increase by \$156,764 in fiscal 1997. This figure includes salaries of \$110,673, fringe benefits, ongoing operating costs, and one-time start-up costs and reflects a three-month start-up delay.

Assuming that DOP is successful in mediating employee appeals, there would be a reduction in the number of personnel related matters referred to OAH. It is estimated that OAH's personnel related activity would decrease by 15% in fiscal 1997. OAH's fiscal 1996 budget for personnel related matters is \$1.5 million. A 15% reduction would translate to a savings of \$225,000 in fiscal 1997 which reflects a three-month start-up delay.

In sum, general fund expenditures would decrease by \$68,236 in fiscal 1997. This figure includes the savings of \$225,000 at OAH less the additional expenditures at DOP of \$156,764. Future year expenditures reflect (1) full salaries with 3.5% annual increases and 3% employee turnover; and (2) 2% increases in ongoing operating costs.

Information Source(s): Office of Administrative Hearings, Department of Personnel, Department of Fiscal Services

Fiscal Note History: First Reader - January 29, 1996

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Analysis by: Tina Bjarekull

Direct Inquiries to:

Reviewed by: John Rixey

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710