

Department of Legislative Services  
 Maryland General Assembly  
 2013 Session

FISCAL AND POLICY NOTE  
 Revised

House Bill 665  
 Appropriations

(Delegate DeBoy, *et al.*)

Finance

State Personnel - Law Enforcement Employees - Extra Compensation

This bill expands the application of provisions requiring compensatory time and overtime pay for State law enforcement officers who work on Thanksgiving, Christmas Day, or New Year’s Day. Enactment is contingent on the execution of a collective bargaining agreement between the State and the State Law Enforcement Officers’ Labor Alliance, as specified in the bill. There is a related notification requirement for the Secretary of Budget and Management.

Fiscal Summary

**State Effect:** State personnel expenditures for six Executive Branch agencies increase by \$36,100 (all funds) in FY 2014 to provide overtime pay and compensatory time to additional law enforcement officers who work on the three designated holidays. State personnel expenditures are assumed to be allocated 60% general funds, 20% special funds, and 20% federal funds. Out-year expenditures reflect 4.4% annual increases in personnel costs. No effect on revenues.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	21,700	22,600	23,600	24,700	25,700
SF Expenditure	7,200	7,500	7,900	8,200	8,600
FF Expenditure	7,200	7,500	7,900	8,200	8,600
Net Effect	(\$36,100)	(\$37,700)	(\$39,400)	(\$41,100)	(\$42,900)

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Bill Summary/Current Law:** Noncommissioned State Police officers and Department of Natural Resources (DNR) law enforcement officers holding the rank of sergeant or below who work four or more hours on the three designated holidays, or who are scheduled to be off duty on those days but are called to duty for any part of those days, are entitled to:

- compensatory time of one day; and
- overtime pay at the rate of 1.5 times the employee's regular pay rate for all hours worked.

The bill expands those provisions to all law enforcement employees of the State over whom the Secretary of Budget and Management has authority to administer pay.

Commissioned officers of the State Police and DNR may not receive additional compensation for overtime, but they *may* receive compensatory time. Therefore, they are not affected by the bill.

**Background:** The Department of Budget and Management (DBM), which administers the State Personnel Management System (SPMS), advises that the bill affects 177 law enforcement positions in six different Executive Branch agencies that are part of SPMS.

The Maryland Department of Transportation (MDOT) and the University System of Maryland (USM) operate personnel management systems that are independent of SPMS. Since the Secretary does not have authority to administer pay for individuals in those systems, MDOT and USM are not affected by the bill. Law enforcement officers in the Field Enforcement Division of the Comptroller's Office are also excluded by law.

**State Fiscal Effect:** DBM estimates that the average hourly rate for the affected officers is currently \$24.42. Given the bill's October 1, 2013 effective date, the Department of Legislative Services (DLS) assumes a 4.4% annual increase in compensation for fiscal 2014 and each succeeding year, resulting in an hourly rate of \$25.49 and an overtime rate of \$38.24 in fiscal 2014. As all three holidays occur after the bill's effective date, the full fiscal effect is felt in fiscal 2014. This analysis assumes that the contingency related to the collective bargaining agreement is met.

It is assumed that the affected law enforcement officers currently earn regular pay for any time they work on Thanksgiving, Christmas Day, or New Year's Day. Therefore, the fiscal effect is the difference between their regular pay rate, which they earn now, and the overtime pay they earn under the bill. For one individual working a single eight-hour shift, that differential is estimated to be \$102, based on the above wage rates.

Although compensatory time does not represent a State expense, it is also assumed that State agencies, because they require a full complement of security personnel at all times, must substitute for law enforcement officers who take a compensatory day that they would not otherwise have, and that their replacements are paid overtime wages. In these instances, there is an additional fiscal effect for the difference between the regular pay rate that the law enforcement officer would receive and the overtime pay received by his or her replacement. Again, the difference for a single eight-hour shift is \$102. Since law enforcement officers affected by the bill receive both overtime pay and compensatory time, the total fiscal effect is \$204 (\$102 x 2) for each officer who works a single eight-hour shift on one of the designated holidays.

Assuming that one-third (59) of the 177 affected law enforcement officers each work an eight-hour shift on Thanksgiving, Christmas Day, and New Year's Day, they are each entitled to overtime pay for all hours worked and one compensatory day for each holiday during which they worked. Based on the assumptions described above, the total fiscal effect is calculated as follows:

$$\$204 \times 59 \text{ officers} \times 3 \text{ holidays} = \$36,108.$$

Therefore, personnel expenditures increase by \$36,108 in fiscal 2014, which increase by 4.4% annually thereafter. State personnel costs are assumed to be allocated 60% general funds, 20% special funds, and 20% federal funds. Given that MDOT is not included in this calculation, and its employees are entirely funded with special and federal funds, the actual distribution may be skewed toward general funds.

The bill's fiscal effect is mitigated to the extent that more law enforcement officers are deployed and work shifts that last fewer than four hours. DLS does not anticipate this occurring as it may affect recruitment and retention of law enforcement officers.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Budget and Management; Department of Natural Resources; Department of General Services; Comptroller's Office; Department of Labor, Licensing, and Regulation; Department of State Police; University System of Maryland; Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2013  
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