

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 75 (Chair, Finance Committee)(By Request - Departmental - Education)

Finance

Juvenile Services Education Program - Employees - Employment Contracts and Leave

This departmental bill restricts the length of employee contracts and alters the leave policies for some employees in the Juvenile Services Education Program (JSEP). It also prohibits, except in extenuating circumstances, a teacher, librarian, or principal at an institution under the jurisdiction of JSEP from rescinding an employment contract after July 15. If an individual rescinds an employment contract after July 15, the Maryland State Department of Education (MSDE) may suspend the individual’s professional certification for one year. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: General fund expenditures by MSDE increase by \$123,900 in FY 2020 for hiring substitute teachers. Out-year expenditures reflect salary increases and employee turnover. Revenues are not affected.

(in dollars)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	123,900	105,400	115,100	125,000	135,300
Net Effect	(\$123,900)	(\$105,400)	(\$115,100)	(\$125,000)	(\$135,300)

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

Local Effect: None.

Small Business Effect: MSDE has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Bill Summary: Notwithstanding any other law, a teacher or librarian at an institution under the jurisdiction of JSEP must be employed or contracted to provide education services for no more than 10 months.

The bill eliminates annual leave for JSEP employees who work 11 months or less in a calendar year. These employees are entitled to three days, not to exceed 24 hours, of personal leave with pay at the beginning of the first full pay period of the calendar year instead of being entitled to the personal leave specified for employees in the State Personnel Management System (SPMS).

Current Law: The State's juvenile services education system (JSES) operates within MSDE. JSES teachers are employed by the State, not by local school boards. JSES schools operate for at least 220 school days during a 12-month period as opposed to public schools, which operate for at least 180 school days during a 10-month period.

JSES employees are in SPMS and, therefore, are generally entitled to six days, not to exceed 48 hours, of personal leave with pay at the beginning of the first full pay period of the calendar year. If an employee begins employment on or after March 1, the number of personal days is reduced, based on the employee's start date. Personal leave may be used for any purpose, generally, after notice is given to the employee's immediate supervisor.

Employees in SPMS, except temporary employees, also earn annual leave. Annual leave accruals are based on the employee's years of service, which ranges from a maximum of 80 hours of annual leave each year for employees with less than 5 years of service to a maximum of 200 hours of annual leave each year for employees with at least 20 years of service. Annual leave may be used for any reason, upon supervisor approval.

Public school teachers hired by local school boards must sign a contract with the local board of education stating they will not rescind an employment contract with the local school system after July 15 except in case of emergency as determined by the local board of education. The State Superintendent of Schools may suspend a teacher's teaching certificate if the certificate holder leaves the employment of a local school system after July 15 without the consent of the local board of education.

Background: JSES has experienced difficulty in hiring and retaining highly qualified teachers and education personnel at its 13 schools. MSDE advises that a number of JSES teachers quit to work for local public school systems in order to receive the summers off. To address this issue, the bill establishes similar contract terms for JSES teachers as county-employed school teachers, including the amount of leave they earn.

State Expenditures: Under the bill, total compensation for current teachers remains unchanged even though they will be working 10 months instead of 12. In addition, MSDE plans to hire summer school teachers to staff the summer program so that JSES schools continue to run for 12 months. Thus, MSDE anticipates hiring 2 contractual teachers at each school, totaling 26 contractual teachers, for an eight-week period. Accordingly, general fund expenditures increase by \$301,529 in fiscal 2020 for 26 contractual teachers to teach for eight weeks at JSES schools. MSDE advises that it will not incur costs for other operating expenses (such as equipment or supplies) for the contractual teachers.

JSES has several contract vehicles in place, totaling \$177,617 in fiscal 2019, for securing substitute teachers at JSES schools as needed, based on employee absences and turnover. MSDE anticipates the bill will increase employee retention as a result of JSES teachers not having to work in the summers. Decreased turnover, eliminating annual leave, and reducing personal leave for specified JSES employees will reduce the need for substitute teachers during the school year, thus resulting in up to \$177,617 of cost savings.

As a result, general fund expenditures increase by \$123,912 in fiscal 2020, which accounts for the bill's July 1, 2019 effective date. This estimate reflects the cost of hiring 26 contractual teachers to teach for two months in the summer, which is partially offset by the potential cost savings from the reduced need of hiring substitute teachers throughout the school year.

Contractual Positions	26
Salaries and Fringe Benefits	\$301,529
Cost Savings of Substitute Teacher Contract	<u>(177,617)</u>
Total FY 2020 State Expenditures	\$123,912

Future year expenditures reflect full salaries with annual increases and employee turnover and ongoing cost savings. This estimate does not include any health insurance costs that could be incurred for specified contractual employees under the State's implementation of the federal Patient Protection and Affordable Care Act.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education; Department of Budget and Management; Department of Juvenile Services; Department of Legislative Services

Fiscal Note History: First Reader - January 22, 2019
mm/mcr

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Education – Juvenile Services Education System - Employees

BILL NUMBER: SB 75

PREPARED BY: Tiffany Johnson Clark, Deputy Director of Government Relations

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS