

Department of Legislative Services
 Maryland General Assembly
 2020 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 639

(Senator Guzzone, *et al.*)

Finance and Budget and Taxation

Appropriations

State Medical, Nursing, and Security Personnel – Compensation

This bill requires that, in a fiscal year in which an upward pay scale adjustment is made for initial appointments to specified nursing positions in a State “facility,” specified nursing supervisory positions must receive at least an equivalent upward pay scale adjustment. The bill also links the pay scale for a “physician clinical specialist” position, a “physician clinical staff” position, a “security attendant” position at the Clifton T. Perkins Hospital (Perkins) that is required to complete a correctional training course, and a “nurse case reviewer” position to the pay scale for other positions, generally those in the same or related facilities. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: General fund expenditures increase by at least \$4.65 million in FY 2021 to increase the salary of specified employees within the Maryland Department of Health (MDH). Out-year expenditures reflect salary increases. Revenues are not affected.

(\$ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	4.65	4.70	4.83	5.00	5.17
Net Effect	(\$4.65)	(\$4.70)	(\$4.83)	(\$5.00)	(\$5.17)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill defines a “facility” as the following health care facilities and regulatory entity within MDH:

- Perkins;
- the Eastern Shore Hospital Center;
- the Regional Institutes for Children and Adolescents – Baltimore and Rockville;
- the Springfield Hospital Center;
- the Spring Grove Hospital Center;
- the Thomas B. Finan Hospital Center; and
- the Office of Health Care Quality (OHCQ).

In a fiscal year in which an upward pay scale adjustment is made for initial appointments to a registered nurse position in a facility, specified supervisory nursing positions must receive at least an equivalent amount in an upward pay scale adjustment.

In a fiscal year in which an upward adjustment to the pay scale is made for initial appointments to a health facility surveyor nurse I position in OHCQ, the health facility surveyor nurse I and health surveyor nurse II positions must receive an equivalent upward adjustment to their pay scales.

The pay scale for a “physician clinical specialist” in a facility must be the same as the pay scale for a “psychiatrist clinical” position in a facility. The pay scale for a “physician clinical staff” position in a facility must be the same as the pay scale for a “psychiatrist clinical graduate” position in a facility. The pay scale for “security attendants” at Perkins who must complete a correctional training course must be at least equal to the pay scale for a correctional officer employed by the Department of Public Safety and Correctional Services (DPSCS). The pay plan for the “nurse case reviewer” position in the Motor Vehicle Administration (MVA) must be equivalent to the pay scale for comparable nursing position in MDH facilities.

For fiscal 2021, the pay scale adjustment for specified nursing positions at Perkins must be applicable to any pay scale adjustments for initial appointments to the “registered nurse Perkins” position in fiscal 2018, 2019, and 2020.

Current Law: Within the State Personnel Management System (SPMS), there are two pay plans: the Standard Pay Plan and the Executive Pay Plan. The purpose of the pay plans is to provide employees in positions that involve comparable effort, knowledge, responsibilities, skills, and working conditions with comparable pay according to the relative value of services performed. The Standard Pay Plan includes all positions in SPMS

and all other positions for which the Secretary of Budget and Management has authority to administer pay.

Pay rates in the Standard Pay Plan may be set by a series of pay grades and steps within each grade, fixed rates, or minimum and maximum amounts. When setting or amending a pay rate, the Secretary of Budget and Management must consider the prevailing pay rates for comparable services in private and public employment, experience, living costs, benefits, and the financial condition and policies of the State. A pay rate is subject to any limitations included in the State budget.

The Secretary of Budget and Management may increase pay rates for a specific class under the Standard Pay Plan with the approval of the Governor in order to recruit or retain competent personnel or to ensure that pay rates adequately compensate for the effort, knowledge, responsibility, skills, and working conditions of employees in that class. If an amendment to the pay plan affects a position in the Executive Branch that is listed in the budget bill, the amendment is contingent on the approval of the Board of Public Works. An amendment to the Standard Pay Plan may not take effect unless sufficient money is available in the budget to cover the resulting pay rates.

State Expenditures:

Motor Vehicle Administration

The Maryland Department of Transportation (MDOT) reports there are 11 MVA nurse case reviewers and 1 MVA nurse case reviewer supervisor. These positions received a one grade increase effective in fiscal 2019, increasing the nurse case reviewer classification to a grade 18 and the nurse case reviewer supervisor classification to a grade 19. MDOT notes that these positions generally have comparable pay classifications as MDH's pay plan. Thus, the provision that requires the pay plan for MVA nurse case reviewers to be equivalent to the pay scale for comparable nursing positions at MDH facilities has no fiscal effect on MDOT.

Maryland Department of Health Facilities

The bill has a significant fiscal impact on MDH. Increasing the pay scale for "physician clinical specialist" and "physician clinical staff" positions, along with associated higher level physician classifications that would likely need rate increases, increases MDH expenditures by \$2.98 million in fiscal 2021. Currently, DPSCS correctional officers are compensated at a rate 4% higher than Perkins security attendants, so requiring Perkins security attendants to receive at least equal pay results in MDH general fund expenditures increasing by at least \$231,353 in fiscal 2021.

The fiscal effect of requiring an upward pay scale adjustment based on initial appointments' pay scale adjustments depends on various factors, such as market trends, the number of viable candidates, and the demands of candidates. Based on initial appointments in fiscal 2019 and part of fiscal 2020, four facilities had instances in which the bill requires an equity to be applied to specified nursing positions as a result of an upward adjustment for an initial appointment, which increases general fund expenditures by \$1.4 million in fiscal 2021. MDH advises that no health facility surveyor nurse I positions received an equity adjustment for an initial appointment in fiscal 2019, so the provision related to that position has no immediate effect.

Thus, general fund expenditures for MDH increase by at least \$4.65 million in fiscal 2021 and \$5.17 million in fiscal 2025, as shown in **Exhibit 1**, for pay equity increases to specified physician, nursing, and security attendant positions. Future years reflect annual salary increases. The fiscal effect could vary greatly though, based on various factors noted above.

Exhibit 1
Projected Additional Compensation Costs
Fiscal 2021-2025

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
MDH Physician Positions	\$2,980,000	\$3,009,800	\$3,094,074	\$3,199,273	\$3,308,048
MDH - ESHC	43,974	44,414	45,657	47,210	48,815
MDH - RICA Baltimore	76,691	77,458	79,627	82,334	85,133
MDH - SGHC	26,618	26,884	27,637	28,577	29,548
MDH - SHC	1,294,407	1,307,351	1,343,957	1,389,651	1,436,900
Perkins Security Attendants	231,353	233,667	240,209	248,376	256,821
Total	\$4,653,043	\$4,699,573	\$4,831,161	\$4,995,421	\$5,165,265

ESHC: Eastern Shore Hospital Center
MDH: Maryland Department of Health
RICA: Regional Institutes for Children and Adolescents
SGHC: Spring Grove Hospital Center
SHC: Springfield Hospital Center

Source: Department of Budget and Management; Department of Legislative Services

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1525 (Delegate P. Young, *et al.*) - Appropriations.

Information Source(s): Department of Budget and Management; Maryland Department of Health; Maryland Department of Transportation; Department of Legislative Services

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