

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1305 (Washington County Delegation)
 Appropriations

State Personnel - Correctional Services - Employee Pay and Benefits

This bill requires lieutenants, captains, majors, and case management supervisors or managers within the Department of Public Safety and Correctional Services (DPSCS) supporting a State correctional facility who are not in bargaining unit H to receive a proportionate pay increase, based on rank and length of service, including longevity pay, if a pay increase under the State Standard Pay Plan is limited to DPSCS employees in bargaining unit H. An employee subject to the bill must receive retention and longevity benefits that are limited to other classifications if the employee would otherwise be eligible for the benefits.

Fiscal Summary

State Effect: General fund expenditures may increase by approximately \$4.7 million in FY 2025 to increase the salaries of specified employees within DPSCS and pay longevity bonuses. Out-year expenditures reflect annualization, standard salary increases, and additional longevity bonuses in FY 2027 and 2029. Additionally, if the labor union for bargaining unit H successfully negotiates pay increases in the future, general fund expenditures increase further. Revenues are not affected.

(\$ in millions)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	4.7	4.4	7.2	4.8	12.9
Net Effect	(\$4.7)	(\$4.4)	(\$7.2)	(\$4.8)	(\$12.9)

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

Local Effect: None.

Small Business Effect: None.

Analysis

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 Employees and Collective Bargaining

Title 3 of the State Personnel and Pensions Article establishes statutory collective bargaining rights for a large number of State employees. Employees, employers, and exclusive representatives subject to Title 3 are also subject to the provisions of the Maryland Public Employee Relations Act. Maryland's collective bargaining law generally applies to employees of the Executive Branch departments, among other specified State agencies. The State's collective bargaining law does not apply to any supervisory, managerial, or confidential employee as defined by regulation, among others specified.

State Expenditures: The memorandum of understanding (MOU) for bargaining unit H requires eligible employees in bargaining unit H to receive an increment in fiscal 2025. Effective January 1, 2025, bargaining unit H employees who have an entry-on-duty date that is prior to June 30, 2019, and who have been continuously employed with the State, will also receive an additional step. Thus, under the bill, lieutenants, captains, majors, and case management supervisors or managers within DPSCS receive an increment increase

by January 1, 2025, and if they have been continuously employed by the State since June 30, 2019, an additional step. This analysis assumes both the increment and step increase take effect January 1, 2025.

The MOU for bargaining unit H also establishes a correctional officer retention and longevity pay incentive (RLPI) program. Unit H employees employed by DPSCS will be given a bonus of \$7,500 within 30 days of an RLPI reimbursement agreement. At the end of year two, the eligible employee will receive an additional payment of \$7,500 within 30 days of the end of two years from the execution of the RLPI agreement. If an employee remains continuously employed in an eligible classification for four years from the date that the employee enters the program, an employee receives an additional payment of \$22,500.

Increment and Step Increases

DPSCS advises that the bill applies to 614 employees within DPSCS (358 lieutenants, 152 captains, 48 majors, 38 case management supervisors, and 18 case management managers). The bill requires automatic pay increases for these employees as opposed to discretionary pay increases under current law, so general fund expenditures increase by approximately \$2.1 million in fiscal 2025, which accounts for the payments being made January 1, 2025, to provide a 6% increment pay increase and a 2% step increase to these employees, assuming they have all been continuously employed with the State since June 30, 2019. To the extent that these employees would have received increment or step increases absent the bill, the increase in general fund expenditures is less.

Longevity Bonuses

Additionally, general fund expenditures increase by approximately \$2.6 million in fiscal 2025 to provide longevity bonuses under the RLPI program to 349 eligible employees. Assuming these employees remain in the program for four years, general fund expenditures increase by \$2.6 million in fiscal 2027 and by \$7.9 million in fiscal 2029. The actual cost may vary depending on retention rates and vacancies.

Total Effect

In total, general fund expenditures increase by \$4.7 million in fiscal 2025 and by \$12.9 million in fiscal 2029 to provide salary increases and longevity bonuses to lieutenants, captains, majors, and case management supervisors or managers within DPSCS. Additionally, if the labor union for bargaining unit H successfully negotiates pay increases in the future, general fund expenditures increase further.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Public Employee Relations Board; Department of Budget and Management; Department of Public Safety and Correctional Services; Department of Legislative Services

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