HB 380

Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE

House Bill 380 (Delegate C. Davis)
Appropriations

State Personnel - Longevity Pay

This bill provides that each employee of any unit of State government, including any unit with an independent personnel system, is entitled to a longevity pay increase of 2% when the employee completes 21, 25, and 30 years of service.

The appointing authority can deny a longevity pay increase to an employee if the appointing authority has a substantial reason. A substantial reason includes an employee's inefficiency or excessive absenteeism.

Fiscal 1997 pay increases are contingent on the availability of funds as provided by the Governor through a supplement to the budget bill.

The effective date of the bill is July 1, 1996. The bill is to be construed only prospectively and may not be interpreted to have a retroactive effect.

Fiscal Summary

State Effect: General, special, and federal fund expenditures would increase by about $4.8 million in FY 1997. Out-year expenditures include longevity pay increases for the relevant fiscal year, a continuation of the salary increases from previous fiscal years, growth, and turnover. Revenues would not be affected.

(In millions)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Revenues	$ 0	$ 0	$ 0	$ 0	$ 0
GF, SP, FF Expenditures	$4.8	$10.1	$15.6	$21.7	$27.9
Net Effect	($4.8)	($10.1)	($15.6)	($21.7)	($27.9)

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

Local Effect: None.

Fiscal Analysis

State Expenditures: Since the bill is to be construed as prospective with no retroactive effect, it is assumed that an employee would receive a 2% pay increase only in the years that the employee actually completes 21, 25, or 30 years of service.

In fiscal 1997 it is estimated that 1,997 employees will complete 21 years of service, 2,029 employees will complete 25 years of service, and 882 employees will complete 30 years of service. Each of these employees would be entitled to 2% pay increase in fiscal 1996.

The average State salary for an employee with 20 or more years of service is $48,616, including salary driven benefits. Based on the estimates provided above, expenditures would increase by $4,772,147 in fiscal 1997. This figure is based on the assumption that all eligible employees would receive a 2% pay increase and that the Governor would provide the necessary funding in a supplemental budget.

Future year expenditures reflect longevity pay increases, continuation of previous longevity increases, 3.5% annual salary increases, and 3% employee turnover.

If the bill is interpreted to mean that any employee with at least 21, 25, and 30 years of service is entitled to the 2% longevity pay increases, expenditures would increase by about $23 million in fiscal 1997.

Information Source(s): Department of Personnel, University of Maryland System, St. Mary's College, Morgan State College, Department of Transportation, Department of Fiscal Services

Fiscal Note History: First Reader - February 13, 1996
ncs

Analysis by: Tina Bjarekull
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710