

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 767 (Delegates Poole and McKee)  
Appropriations

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**State Personnel - Contractual Employees - Transfers**

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This bill alters the circumstances under which a contractual employee, who is in a contractual position that is replaced by a budgeted position, may transfer to the budgeted position. The contractual employee could transfer to the budgeted position if: (1) the employee meets the minimum qualifications for the budgeted position and has at least 6 months of satisfactory service; (2) there is a continuing need for the function to be performed; (3) the agency can document a competitive hiring process; and (4) the budgeted position replacing the contractual position was not available at the time the contractual employee was hired. Under current law, the contractual employee can transfer to the budgeted position if: (1) the employee has at least 24 months of satisfactory service; (2) the employee has received a favorable performance evaluation by the appointing authority; and (3) the employee has passed the examination, if one is required, for the class in which the budgeted position is placed.

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**Fiscal Summary**

**State Effect:** Indeterminate increase in State personnel expenditures for health insurance and retirement contributions depending on the number of contractual positions that are converted to budgeted positions.

**Local Effect:** None.

**Small Business Effect:** None.

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## Fiscal Analysis

**State Expenditures:** Shortening the number of continuous months of satisfactory service from 24 to 6 that a contractual employee must have in order to transfer to a budgeted position will make it easier for long-term contractual employees to convert to permanent positions. The agency, however, is required to document the minimum qualifications of the transferring contractual employee and a competitive hiring process, so the transfer by the contractual employee is not automatic.

Upon attaining permanent status, the employee would be eligible for health insurance (at a State cost of approximately \$4,300 per year) and the State pension (employer cost of 7.13% of pay for fiscal 1999). The net fiscal impact of the proposal, however, is indeterminate because it depends on the number of long-term contractual positions that are converted to permanent positions.

**Additional Comments:** The Department of Budget and Management recently issued a study on long-term contractual employees and recommended the provisions included in this amended bill. The department, however, recommended that each State agency develop its own plan to convert long-term contractual employees. If, for example, 5 contractual positions were converted to 4 permanent positions, the net fiscal effect would be cost-neutral.

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**Information Source(s):** Comptroller's Office (Central Payroll Bureau); Department of Budget and Management; Department of Legislative Services

**Fiscal Note History:** First Reader - March 9, 1998  
Inc Revised - House Third Reader - April 2, 1998  
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