

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 981 (Delegate Patterson. *et al.*)

Appropriations

State Employees - Employees in Standard Pay Plan - Step Increases

This bill requires that any step increase payable to an employee whose position is in the Standard Pay Plan shall be based on and effective as of the anniversary date of the employee's date of employment with the State.

Fiscal Summary

State Effect: Paying increments on actual anniversary dates (rather than paying them twice a year on a forward basis) would result in a one-time decrease in personnel expenditures (all funds) of \$3.9 million from the amount proposed in the FY 2000 budget, based on the bill's October 1 effective date. Future year increment costs would not change on an annualized basis. Additional administrative expenditures of approximately \$35,700 (general funds) would be needed to reprogram existing computer systems.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Expenditures: Currently, State employees receive their step increments on either July 1 or January 1. Employees whose anniversary date of employment is between July 1 and December 31 receive their step increments on July 1, while employees whose anniversary date of employment is between January 1 and June 30 receive their increments on January 1. Thus, all employees receive their step increments on or before their anniversary date.

The proposed fiscal 2000 budget includes about \$23 million for increments. The Department

of Budget and Management (DBM) advises that the cost of increments for fiscal 2000 would decrease on a one-time basis by 16.8% or \$3.9 million, based on the October 1 effective date of the statute. (All employees with anniversary dates between July 1 and January 1 would receive their increments on July 1, before the bill takes effect.) Future year increment costs would not change on an annualized basis.

DBM advises that the bill would require significant reprogramming of existing personnel computer systems. To meet the October 1 deadline, DBM would need to hire an outside computer consulting firm to handle the reprogramming, at a cost of approximately \$35,700.

Information Source(s): Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 24, 1999

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