

**Department of Legislative Services**  
Maryland General Assembly  
1999 Session

**FISCAL NOTE**

House Bill 1048 (Delegate A. Jones)

Appropriations

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**State Employees - Contractual Employees - Credit for Service**

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This bill provides that a contractual employee who is selected to fill a budgeted position without a break in service in the same principal unit employing the contractual employee will receive credit for service in the contractual position for the purpose of establishing steps in the pay grade applicable to the budgeted position, annual leave, and seniority rights. These employees would also become members of the Employees' Pension System.

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**Fiscal Summary**

**State Effect:** Minimal increase in State personnel expenditures.

**Local Effect:** None.

**Small Business Effect:** None.

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**Fiscal Analysis**

**State Expenditures:** The bill does not apply to executive branch units with independent personnel systems, such as the Department of Transportation or the University System of Maryland. Contractual employees of units under the State Personnel Management System already receive the above credits if they are transferred to a permanent position. The bill would provide these credits if they are selected for a different position within the same unit without a break in service.

The Department of Budget and Management (DBM) advises that many agencies within the State Personnel Management System now account for previous contractual work experience in establishing an employee's initial grade and step when a contractual employee is selected for (or converted to) a permanent position. Any additional cost with providing past credit for annual leave and seniority rights is likely to be minimal. Moreover, following a recent study by DBM of the issue of long-term contractual employees, the fiscal 2000 budget includes conversion of 1,461 contractual employees to permanent positions. This in turn would reduce the number of contractual employees who would be subject to the bill and therefore reduce any fiscal impact.

State pension expenditures would not be affected. The bill does not give pension service credit for the previous contractual employment, and, under current law, any new full-time permanent employee, regardless of prior employment, is enrolled in the Employees' Pension System.

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**Information Source(s):** Department of Budget and Management, State Retirement Agency, Department of Legislative Services

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