

Department of Legislative Services
 Maryland General Assembly
 2000 Session

FISCAL NOTE

Senate Bill 694 (Senators Pinsky and Lawlah)

Budget and Taxation

State Finance and Procurement - Job Quality Disclosure Forms - Recipients of Public Funding

The bill requires each “recipient” of “public funding” to submit a “Job Quality Disclosure” form that details key employee information to the Commissioner of Labor and Industry each year. It also requires the Commissioner to submit a summary report to the General Assembly and the Board of Public Works each year.

Fiscal Summary

State Effect: General fund expenditures would increase by \$462,400 in FY 2001. Out-year expenditures reflect a reduction in the need for software upgrades and ongoing operating expenses. No effect on revenues.

(in dollars)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	462,400	242,800	249,000	255,300	262,000
Net Effect	(\$462,400)	(\$242,800)	(\$249,000)	(\$255,300)	(\$262,000)

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

Local Effect: Significant effect on local government operations. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Meaningful.

Analysis

Bill Summary: The bill requires that any individual or organization that employs at least one person and receives or has received public funding within the 12-month period ending May 1 of each year file a Job Quality Disclosure form with the Commissioner of Labor and Industry.

A recipient of public funding is defined as any individual or organization that: (1) has made a sale, purchase, lease, or contract with any unit of State government; (2) received funds from the State Reserve Fund, the general fund, or a special fund; (3) has received a credit or exemption from State income or property taxes; (4) has received a grant or State subsidy; (5) has received a loan or financing of a project under State bonding authority; or (6) has received a loan, financing, or funding obtained through any of the programs administered by the Department of Business and Economic Development.

A job quality disclosure form must contain the following:

- name, address, and other pertinent contact information of the public fund recipient;
- the date(s) that public funding was received;
- the type and amount of public funding;
- the name of the State program or agency that allocated the funding;
- the specific project to which the public funding was applied (if applicable);
- a line item list of each employee which designates if the employee is full-time, part-time or temporary;
- the pay range of each employee;
- the total value of employee benefits broken down by full-time, part-time, and temporary employees; and
- any other information that the Commissioner requests.

Any public fund recipient which fails to comply with the requirements of this bill shall have its public funding suspended. If a recipient does not file the form within 60 days after issuance of the notice of non-compliance, a State program or unit may terminate public funding to the recipients.

The Commissioner must prepare a report based on the Job Quality Disclosure forms to the General Assembly and the Board of Public Works by September 1st of each year. The Commissioner must report on compliance by public funding recipients and the number of suspensions or revocations of public funding. The report must also contain the number of full-time, part-time, and temporary employees working for public fund recipients, and the employees' pay and benefit statistics.

Current Law: None applicable.

State Expenditures: It is estimated that this bill will apply to about 75,000 employers. General fund expenditures could increase by an estimated \$462,400 in fiscal 2001, which accounts for the bill's October 1, 2000, effective date. This estimate reflects a one-time \$200,000 expenditure for computer software upgrades and the cost of hiring a computer specialist, an administrative officer, and a secretary to record and process the Job Quality Disclosure forms as well as prepare the data for the Commissioner's report. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salaries and Fringe Benefits	\$93,600
Software, Hardware, Other Contractual Services	317,300
Operating Expenses	<u>51,500</u>
Total FY 2001 State Expenditures	\$462,400

Future year expenditures reflect (1) full salaries with 4.5% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Local Fiscal Effect: It is difficult to estimate the full effect on local jurisdictions but, since they are recipients of State funds, the reporting requirements of this bill will apply to them. The bill also applies to local school systems.

Small Business Effect: It is estimated that this bill will apply to 75,000 employers. Approximately 75% of these, or 56,250, qualify as a small business. It is difficult to estimate the full effect of this bill on the business community, but the Department of Labor, Licensing, and Regulation believes that the cost will be significant enough to cause some firms to cease doing business with the State.

Additional Comments: The Commissioner of Labor and Industry does not currently receive an independent list of entities that receive public funding. The Commissioner would have to be provided with this information from each State program or agency, although this is not required by the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Department of Budget and Management (Procurement Office), Department of Legislative Services

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drg/jr

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