

Department of Legislative Services

Maryland General Assembly

2004 Session

FISCAL AND POLICY NOTE

Revised

House Bill 445

(Chairman, Appropriations Committee)

(By Request – Departmental – Budget and Management)

Appropriations

**Department of Budget and Management - Central Collection Unit Employees -
Termination Procedures**

This departmental bill alters the termination procedures for special appointment employees in the Central Collection Unit (CCU) and makes the procedures consistent with the termination procedures for all other special appointments in the State Personnel Management System. It also designates all employees of CCU under the Department of Budget and Management (DBM) to be special appointments rather than management service. The bill does not apply to Assistant Attorney Generals appointed by the Attorney General.

Fiscal Summary

State Effect: The bill alters State employment procedures and would not materially affect State finances. Any reduction in administrative hearing costs would be minimal.

Local Effect: None.

Small Business Effect: DBM has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: An Executive Branch employee who is classified as a special appointment, or management or executive service, serves at the pleasure of the employee's appointing authority and can be terminated for any reason at the authority's

sole discretion except for CCU appointees. Individuals are considered special appointments, regardless of which service they are in, if the position: (1) is directly appointed by the Governor and not provided for by the Maryland Constitution; (2) performs a significant policy role or provides direct support to a member of the executive service; (3) is assigned to the Government House or the Governor's Office; and (4) is specified by law as a special appointment.

A special appointee can appeal a termination in writing to the head of the principal unit; however, the appeal must be based on the grounds that the action was illegal or unconstitutional and the burden of proof is on the employee. The head of the unit may uphold the action or rescind or modify it and restore any lost time, compensation, status, or benefits. A written decision is required within 15 days of the appeal and is the final administrative decision.

The termination procedures for skilled and professional service employees and CCU special appointees also place the burden of proof on the employee but do not require the appeal to be based on grounds that the action was illegal or unconstitutional, unless the employee is probationary. Skilled and professional service employees may appeal a decision by the head of the unit to the Secretary, who must mediate a settlement or refer the appeal to the Office of Administrative Hearings. These employees are also entitled to seniority preference for layoffs and reinstatements.

Background: CCU was created in 1973 to collect delinquent debts owed to the State, including student loans and tuitions, public assistance and food stamp overpayments, damage to State property, and workers' compensation premiums. It also operates counters in some Motor Vehicle Administration (MVA) offices to help the MVA collect insurance lapse fines and bounced checks. CCU is also responsible for monitoring the effectiveness and appropriateness of referring agencies' debt collection practices. The agency is self-supporting and imposes a 17% fee on most debt referrals to cover its costs. CCU collects about 40% of all debt referrals; in fiscal 2002, it collected almost \$52 million.

The agency has 93 permanent positions, in addition to contractual staff and private companies that serve subpoenas and assist with debt recovery. Of the filled positions, 66 are special appointments in CCU, 13 are skilled service, and 4 are management service.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 10, 2004
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