

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 922

(Delegate F. Turner, *et al.*)

Appropriations

Finance

State Personnel - Grievance - Costs of Appeals to Office of Administrative Hearings

This bill provides that any costs incurred by the Office of Administrative Hearings (OAH) associated with appealing an employee grievance to OAH are to be paid by the principal unit of State government that employs the grievant.

The bill is effective July 1, 2006.

Fiscal Summary

State Effect: Reimbursable funds will increase \$43,600 beginning in FY 2007 and increase annually to reflect the costs of a fiscal accounts technician in OAH.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	(526,000)	(526,000)	(526,000)	(526,000)
GF/SF/FF Exp.	0	526,000	526,000	526,000	526,000
ReimB. Exp.	0	43,600	46,400	49,500	52,700
Net Effect	\$0	(\$43,600)	(\$46,400)	(\$49,500)	(\$52,700)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Generally, an employee in the State Personnel Management System (SPMS) may file a grievance about the interpretation and application of a personnel policy (or any policy or regulation under management's control) with the grievant's appointing authority. A grievance does not include a dispute about: (1) a pay grade or class range; (2) the amount or effective date of a statewide pay increase; (3) establishment of a class or classification standards; (4) assignment of a class to a service category; or (5) an oral reprimand or counseling.

The statutory procedure requires the employee to first file the grievance with his or her appointing authority. If the dispute is not resolved in the first step, the grievant may appeal within 10 days after receiving a decision to the head of the principal unit and ultimately to the Secretary of Budget and Management. If a settlement agreeable to all parties is not reached within 30 days, the Secretary must refer the grievance to OAH for a final administrative decision. If the grievance involves a position reclassification, the Secretary must order an audit of the position if one has not been conducted in the last year.

The grievance procedures provided for SPMS employees do not apply to several types of employees, including those who are: subject to a collective bargaining agreement that contains another grievance procedure; temporary; a student; an inmate or patient in an institution; a State Police officer; a member of the faculty, an officer, or an administrative employee of Baltimore City Community College; an Administrative Law Judge in OAH; or an employee subject to a contract or regulation governing teacher tenure. It also does not apply to employees outside SPMS, which includes any position in the Legislative and Judicial branches and any position in the Executive Branch with an independent personnel system.

Background: OAH currently bills the Department of Budget and Management's (DBM) Office of Personnel Services for the costs of all employee grievance cases. There were 188 such cases in fiscal 2004, at an approximate cost of \$2,800 per case, or a total of \$526,000.

State Expenditures: The bill requires OAH to determine the appropriate cost associated with each case (*e.g.*, administrative costs and the hours required of an Administrative Law Judge) to be allocated to the employing agency rather than simply charging DBM.

Reimbursable fund expenditures could increase by \$43,617 in fiscal 2007, which accounts for the bill's July 1, 2006 effective date. This estimate reflects the cost of hiring one fiscal accounts technician in OAH to allocate the costs of approximately 200

employee grievance cases annually to the responsible agency. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salary and Fringe Benefits	\$42,900
Other Operating Expenses	<u>717</u>
Total FY 2006 State Expenditures	\$43,617

Future year expenditures reflect: (1) full salaries with 4.6% annual increases and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 20, 2005
mll/rhh Revised - Enrolled Bill - May 5, 2005

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