

**Department of Legislative Services**  
 Maryland General Assembly  
 2005 Session

**FISCAL AND POLICY NOTE**

Senate Bill 883 (Senator Harris)  
 Education, Health, and Environmental Affairs

**Department of Legislative Services - Fiscal Notes - Departmental Labor Cost Analysis**

This bill requires the Department of Legislative Services (DLS) to include a departmental labor cost analysis in the fiscal note for a bill if the bill as introduced or amended, imposes a mandate on a principal department of the State to participate, provide staff, or generate a report for a task force or study. The analysis would estimate the cost to the department to complete the mandated tasks and must include: (1) the number of employee labor hours required; (2) the amount paid in wages, salaries, or overtime for the required employee labor hours; (3) a determination of whether additional employees must be hired; and (4) any other expenses incurred.

**Fiscal Summary**

**State Effect:** General fund expenditures could increase by an estimated \$ 45,300 in FY 2006 to support one additional position at DLS. Future year expenditure estimates reflect annualization, salary increases, and inflation. The Department of Budget and Management could handle the bill's requirements with existing resources.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	45,300	62,100	65,700	69,600	73,900
Net Effect	(\$45,300)	(\$62,100)	(\$65,700)	(\$69,600)	(\$73,900)

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

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Current Law:** A legislative committee may not vote on a bill unless: (1) a fiscal and policy note accompanies the bill; and (2) if the bill affects the funding of a State pension system, an actuarial analysis of the bill is attached to or summarized in the fiscal and policy note or the analysis is waived. DLS prepares a fiscal and policy note on all bills and joint resolutions prior to a committee hearing.

**Background:** The specific role of agency staff on commissions and task forces varies depending on the subject matter of the task force or commission and its enabling legislation; however, agency staff is generally responsible for arranging meetings and communications between commission members and the public and conducting research. State agencies are often required to produce reports as part of their duties, which usually summarize the task force or commission's findings and or recommendations.

The fiscal and policy note includes a bill summary, a description of current law, an analysis of the bill's impact on State and local government revenues and expenditures over a five-year period, an identification of any local mandates, an analysis of the economic impact on small businesses, a summary of relevant policy and background information, and a listing of prior year introductions. The department publishes between 2,000 and 2,500 first reader fiscal and policy notes each legislative session. Currently, 19 staff positions are assigned to the fiscal and policy note function.

### *Small Business Impact Statements*

Chapter 121 of 1995 required a small business impact statement to be included in the fiscal note of each bill. Executive agencies are required to prepare the statements on legislation sponsored by the Administration or departments, and DLS is required to prepare the statements on all other legislation.

**State Fiscal Effect:** Approximately 85 bills are introduced on an annual basis that require a State agency to staff or participate in a newly created task force or study commission. DLS would be required to prepare a detailed labor cost analysis for inclusion into the statutorily mandated fiscal and policy note that must accompany each such bill. The additional analysis required for input into the fiscal and policy note would require at least one additional analyst to mitigate an anticipated increase in preparation time per analyst as a result of the bill's requirements. Expenditures for DLS would increase by \$45,348 in fiscal 2006, which accounts for the bill's October 1, 2005 effective date. This estimate reflects the cost of hiring one full-time policy analyst for the fiscal and policy note function. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Salary and Fringe Benefits	\$45,247
Operating Expenses	<u>101</u>
<b>Total FY 2006 State Expenditures</b>	<b>\$45,348</b>

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

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### **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 - March 18, 2005  
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