

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 458
Appropriations

(Delegate G. Clagett)

Finance

State Personnel - Executive Pay Plans - Reporting Requirements

This bill establishes requirements for the Secretary of Budget and Management and the Secretary of Transportation in reporting Executive Pay Plan information.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: The bill generally codifies annual budget language and would not materially affect governmental finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires the Secretary of Budget and Management and the Secretary of Transportation to each quarterly submit to the Department of Legislative Services a list of the position, pay grade and step, title, name, and pay rate of each employee in the Executive Pay Plan as of the last day of the fiscal quarter, including any lump-sum increases provided to these employees in the preceding quarter. The required reports must also include flat-rate employees in the Executive Pay Plan, each assigned a unique identifier that describes the program to which the position is assigned and corresponds to data provided annually to DLS.

The bill also repeals the requirement that the Secretary of Budget and Management submit to DLS documentation for any specific recruitment, retention, or other issue warranting a pay increase under the Executive Pay Plan.

Current Law: The Executive Pay Plan includes permanent positions in the Executive Branch, including permanent positions in the Governor's Office, that are not included in the Standard Pay Plan and have a pay rate equal to or exceeding the lowest pay rate in the Executive Pay Plan. The Executive Pay Plan does not include positions for which pay is established by the Maryland Constitution or positions with pay based on judicial salaries. Positions for which pay is established by independent salary-setting authority are generally exempted from State pay plans; however, the Governor may include these positions in the Executive Pay Plan if not part of the State's higher education system.

The Secretary of Budget and Management is authorized to approve pay increases in the Executive Pay Plan to recruit or retain competent employees. Increases may take the form of a change in pay grade, a change from one class in a series to a different class of the same series, a new class or position, or another form of pay increase.

The Secretary is required to report to DLS by September 1 of each year on the position, pay grade, step, and pay rate of each employee who was included in the Executive Pay Plan as of the preceding June 30. The Secretary must also submit one copy to the President, one copy to the Speaker, and five copies to the DLS library. The document may be provided directly to a member of the General Assembly only on the written approval of the President and the Speaker. The Secretary is required to separately distribute notice of any Executive Pay Plan salary increases.

Maryland Department of Transportation

The Secretary of Transportation is separately authorized to establish a human resources management system for department employees. The Executive Pay Plan in the department's human resources system must adhere to the classification and reporting requirements established for the State Personnel Management System.

Background: Chapter 179 of 2000 altered the structure of the Executive Pay Plan to give the Governor flexibility to compensate executives at appropriate levels within broad salary bands. At the same time, the legislation eliminated Board of Public Works review of extraordinary changes in position classification or compensation.

Since 2001, the annual operating budget has included language that requires the Department of Budget and Management to report quarterly to DLS on the grade, salary, title, and incumbent of each position in the Executive Pay Plan. The language also

requires DBM to detail lump-sum salary actions in the preceding quarter. The 2007 operating budget establishes due dates of July 15, October 15, January 15, and April 15 for fiscal 2008.

In contrast to the statutory reporting requirement, the budget language requires reporting of salary data beginning at the outset of the fiscal year. Salary data generated on or after July 1 incorporates cost-of-living increases, providing more timely information than included in the June 30 snapshot. Document distribution requirements are similar to those established for the statutory Executive Pay Plan report.

Additional Information

Prior Introductions: None.

Cross File: SB 349 (Senator Middleton) – Finance.

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

Fiscal Note History: First Reader - February 8, 2008
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Analysis by: Suzanne O. Potts

Direct Inquiries to:
(410) 946-5510
(301) 970-5510