

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 275

(Chair, Appropriations Committee)(By Request -
Departmental - Budget and Management)

Appropriations

Finance

State Employees - Employee Performance Appraisals - Revisions

This departmental bill alters the performance appraisal process for employees in the State Personnel Management System (SPMS).

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: None. The change is procedural in nature and does not directly affect governmental finances; however, the bill may result in operational efficiencies.

Local Effect: None.

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

Analysis

Bill Summary: Employee performance appraisals will continue to be conducted semi-annually, but the bill establishes that one annual appraisal – the mid-year performance appraisal – is an informal evaluation that is excluded from the grievance process. Under the bill, employees may only be given a rating of outstanding, satisfactory, or unsatisfactory in a performance appraisal. Employees are no longer required to participate in the performance appraisal process by preparing a

self-assessment. Finally, the bill alters how anonymous surveys may be used to evaluate the performance of a manager or supervisor.

Current Law: Each SPMS employee in the skilled, professional or management service – including special appointments – must receive a written performance appraisal at six-month intervals based on the employee’s entry-on-duty date. An employee’s performance may be rated outstanding, exceeds standards, meets standards, needs improvement, or unsatisfactory. Supervisors must prepare a preliminary performance appraisal for each employee for which the supervisor is responsible. Employees must prepare a self-assessment that evaluates their performance, indicates areas for improvement, and suggests training or other methods to develop the employee’s career objectives with the agency. The appointing authority must ensure that each of the unit’s employees subject to laws regarding performance appraisals has performance evaluations in accordance with statute and procedures established by the Secretary of Budget and Management.

“Grievances” are disputes between employees and employers regarding a personnel policy or regulation adopted by the Secretary or any other policy over which management has control. Grievances do not include disputes about (1) pay grades or ranges for a class; (2) the amount or effective date of a statewide pay increase; (3) the establishment of a class; (4) the assignment of a class to a service category; (5) the establishment of classification standards; or (6) an oral reprimand or counseling.

Background: DBM advises that the bill’s provisions reflect the recommendations of the Performance Appraisal Task Force that was created due to recent collective bargaining negotiations. The task force was established in November 2008 and consisted of various State agencies and labor organizations. The task force was charged with reviewing the current employee appraisal procedure and suggesting changes to increase the effectiveness of employee performance appraisal evaluations and increase the overall completion of performance appraisals by supervisors.

Although the mid-cycle appraisal may no longer be used as the basis for a grievance under the bill, DBM advises that it does not anticipate a significant reduction in the number of grievances filed due to the bill. Any cost impact associated with the change is expected to be negligible. Legislative Services concurs with this assessment.

There are four designations of regular positions in SPMS – executive service, management service, professional service, and skilled service. Most SPMS employees are in the skilled service designation, which includes several types of positions, such as clerical and maintenance employees. Professional service employees have advanced knowledge in a field of science or learning acquired through special courses and study, often requiring a professional license or advanced degree. An employee is in the

management service if the position involves direct oversight over personnel and financial resources and is not in the executive service. Executive service employees are generally political appointments at the highest levels of State government.

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 5, 2010
ncs/ljm

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: State Employees – Employee Performance Appraisals - Revisions

BILL NUMBER: HB 275

PREPARED BY: Department of Budget and Management

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.