

Department of Legislative Services  
 Maryland General Assembly  
 2010 Session

FISCAL AND POLICY NOTE

House Bill 1119  
 Appropriations

(Delegate Robinson, *et al.*)

State Personnel - Employee Development and Training Institute

This bill requires the establishment of an Employee Development and Training Institute to develop the capabilities of employees in the State Personnel Management System, train these employees to perform with maximum efficiency, attract individuals to State employment, and train managers in the fair application of rules and guidelines.

Fiscal Summary

**State Effect:** General fund expenditures increase by \$523,100 in FY 2011 to implement and staff the institute. Future year expenditures reflect annualization and inflation. Revenues are not affected.

(in dollars)	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	523,100	676,500	697,400	719,400	742,300
Net Effect	(\$523,100)	(\$676,500)	(\$697,400)	(\$719,400)	(\$742,300)

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

**Local Effect:** None.

**Small Business Effect:** None.

Analysis

**Bill Summary:** The bill establishes the Executive Director of the Department of Budget and Management's (DBM) Office of Personnel Services and Benefits as the administrator of the Employee Development and Training Institute. The executive director is required to contract with a qualified organization to design and implement appropriate training

programs in accordance with regulations adopted by the Secretary of Budget and Management.

The executive director is required to submit a report by October 1, 2011, and by October 1 each subsequent year to the Governor and specified committees on progress in developing the institute and its ability to meet the State's training needs.

**Current Law:** DBM is required to administer a training program for State Personnel Management System employees to develop employee capabilities, train them to perform with maximum efficiency, attract individuals to State employment, and train managers in fair application of rules and guidelines. Staff supervision of all development and training is the responsibility of the Secretary of Budget and Management. Public funds may be used to subsidize training and development only if these expenditures comply with State training policies.

**Background:** Chapter 347 of 1996 reformed the State Personnel Management System by establishing a decentralized system of personnel management. The legislation significantly impacted Executive Branch personnel policies and required additional training at the agency level to implement the revised system. Among other requirements, DBM was to provide mandatory training for supervisors and employees in performance appraisal, position description development, equal employment requirements, and fair practice. Although not established in law, DBM maintained an Employee Development and Training Institute to meet these requirements, contracting for training courses to enhance employee skills. In fiscal 2005, the last year the institute was funded, expenditures totaled \$510,000, with six employees.

**State Fiscal Effect:** General fund expenditures could increase by \$523,116 in fiscal 2011, which accounts for the bill's October 1, 2010 effective date. This estimate reflects the cost of hiring one administrator, two administrative staff, and three employment training specialists to staff the Employee Development and Training Institute. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

The information and assumptions used in calculating the estimate are stated below:

- training and contractual expenses are calculated based on fiscal 2004 and 2005 actual expenditures; and
- DBM would be reimbursed by other State agencies with a combination of special and federal funds for a portion of training costs.

Positions	6
Salaries and Fringe Benefits	\$263,076
Training and Other Contracts	225,000
Other Operating Expenses	<u>35,040</u>
<b>Total FY 2011 State Expenditures</b>	<b>\$523,116</b>

Future year expenditures reflect full salaries with 4.4% annual increases, 3% employee turnover, annualization of costs for contracts, and 2% annual increases in ongoing operating expenses.

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### Additional Information

**Prior Introductions:** HB 909 of 2008 received an unfavorable report from the House Appropriations Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 17, 2010  
mlm/ljm

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