

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 1063

(Senator Madaleno)

Budget and Taxation

Appropriations

Maryland Institute for Policy Analysis and Research Positions - Transfer to State Personnel Management System

This bill requires that each newly authorized State position in the fiscal 2017 budget bill appropriation for the Department of Health and Mental Hygiene (DHMH) that is intended to replace a contractual employee of the Maryland Institute for Policy Analysis and Research (MIPAR) be placed in a position in the State Personnel Management System (SPMS) that is comparable to the employee's former contractual position without further examination or qualification and with a salary that is close to, but not less than, the employee's salary under MIPAR's contract. Each such employee must be appointed without prior service credit and must serve a probationary period in accordance with State personnel law.

The bill takes effect July 1, 2016.

Fiscal Summary

State Effect: The bill does not materially affect State finances, as discussed below.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: When a skilled service or professional service position is to be filled, the appointing authority must complete a position selection plan that includes:

- a position description;
- the minimum qualifications for the class of position and any required selective qualifications;
- any limitations on selection for the position, including those that limit consideration to current State or unit employees or contractual employees, promotional candidates, or candidates indicating a willingness to work in a location; and
- if applicants for the position are to be recruited, the location for submitting applications, the manner for posting the position announcement in the unit, the method and length of time for advertising the position, the closing date to receive applications, the plan of development of any selection test to be administered, and the duration of the list of eligible candidates that results from the recruitment.

An appointing authority may select candidates from an existing list of eligible candidates, by recruitment (if the appointing authority decides to recruit for the position), from a special list of eligible candidates whom the Division of Rehabilitation Services of the Maryland State Department of Education certifies as being physically capable and adequately trained for the position, or from a list of contractual employees performing the same or similar duties of the position.

An appointing authority must make an appointment from among candidates in a rating category on a list of eligible candidates. In making a selection, the appointing authority may interview any of the candidates in the rating category from which the selection will be made, and when interviews are conducted, the appointing authority must interview at least three candidates.

Background: DHMH has a significant interagency agreement with MIPAR at the University of Maryland, Baltimore County, through which MIPAR administers grants for numerous programs within the Prevention and Health Promotion Administration. DHMH last insourced jobs from MIPAR in 2005. Chapter 444 of 2005 included provisions to ensure MIPAR employees were placed in a comparable classification in SPMS without going through the hiring process and received a salary level comparable to their salary under MIPAR.

The Governor's proposed fiscal 2017 budget accounts for 58 federally funded contractual employees from MIPAR being transferred to federally funded permanent positions within DHMH. As a result of transferring the employees to DHMH, total compensation for them increases by about \$1.2 million due to more generous benefits provided by the State; those costs are covered by increased federal funding. However, by transferring the contractual employees to State positions, DHMH can charge a 30.59% indirect cost recovery rate instead of only a 14% indirect cost recovery rate when the employees are within MIPAR. Consequently, federal fund expenditures increase by \$783,785 and general fund

expenditures decrease by a corresponding amount from indirect cost recovery being used to support a portion of the costs of the positions. The Governor's proposed fiscal 2017 budget includes \$4,150,211 in DHMH personnel costs for these employees and reflects \$783,785 in general fund savings from indirect cost recoveries.

State Fiscal Effect: The Governor's fiscal 2017 proposed budget carries out the transfer of employees from MIPAR to DHMH, so the general fund savings generated by the transfer discussed above are attributable to the budget bill, not this bill. This bill enables the contractual MIPAR employees to become DHMH employees without having to participate in the hiring process. As a result, operational efficiencies are achieved from not having to establish selection plans, recruit, and interview candidates. Additionally, these employees will receive salary levels comparable to their salaries under MIPAR, which does not have a material effect on State finances. As the bill expedites the transfer of MIPAR employees to DHMH, the State is able to recover indirect costs of \$783,785 without any delays. Absent the bill, the State would still be able to recover the indirect costs from transferring the contractual MIPAR employees to DHMH, but the cost savings could be delayed as DHMH would have to establish selection plans, recruit, and interview candidates.

Additional Information

Prior Introductions: None.

Cross File: HB 1536 (Delegate Rosenberg) - Rules and Executive Nominations.

Information Source(s): University System of Maryland, Department of Health and Mental Hygiene, Department of Legislative Services

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mel/mcr

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