

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 324
Appropriations

(Delegate Korman, *et al.*)

Finance

State Personnel - Leap Year - Personal Leave

This bill provides an additional day of personal leave during a leap year for employees in the State Personnel Management System (SPMS), except temporary employees, so that these employees are entitled to seven days, not to exceed 56 hours, of personal leave with pay at the beginning of the first full pay period of the calendar year that is a leap year.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: Expenditures (all funds) increase significantly, likely by several million dollars, in FY 2020 due to overtime expenses related to providing employees within SPMS an additional day of personal leave to account for the additional day in the leap year. Expenditures increase every four years thereafter. State revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Employees in SPMS, except temporary employees, are entitled to six days, not to exceed 48 hours, of personal leave with pay at the beginning of the first full pay period of the calendar year. If an employee begins employment on or after March 1, the number of personal days is reduced, based on the employee's start date. Personal leave may be used for any purpose, generally, after notice is given to the employee's immediate supervisor.

Employees in SPMS, except temporary employees, also earn sick leave and annual leave. Annual leave accruals are based on the employee's years of service, which ranges from a maximum of 80 hours of annual leave each year for employees with less than 5 years of service to a maximum of 200 hours of annual leave each year for employees with at least 20 years of service. Annual leave may be used for any reason, upon supervisor approval. State employees in SPMS currently accrue paid sick leave at the rate of 1.5 hours for every 26 hours worked in nonovertime status. Employees earn a maximum of 15 days, or 120 hours, of sick leave each year.

Background: Leap years occur once every four years with the last leap year occurring in 2016 and the next one occurring in 2020. The Standard Pay Plan schedule comprises 22 grades. Each grade includes a base salary and steps 1 through 20. In years without a leap day, the authorized annual salary of an employee is divided by 26.071428 (365 days divided by 14 work days per cycle). In a leap year, in order to ensure that the employee is being paid the correct authorized annual salary, the authorized annual salary is divided by 26.142857 (366 days divided by 14 work days per cycle). The end result is that an employee earns the identical annual salary whether or not it is a leap year.

The American Federation of State, County, and Municipal Employees surveyed its various union contracts and found that its employees in the following states receive salary adjustments during leap years: Delaware, New Jersey, New York, Oregon (for overtime only), Pennsylvania, and Washington.

State Expenditures: Providing an additional day of personal leave to SPMS employees does not directly affect expenditures for employee compensation because affected employees are already compensated for the extra day. The bill's effect, however, stems from the potential disruption to some State operations caused by employees taking more time off, which could affect productivity and/or require additional expenditures for overtime. The impact is greater for agencies with 24/7 operations because the additional day of personal leave may increase overtime costs. Agencies with 24/7 operations within SPMS include the Department of Labor, Licensing, and Regulation; the Department of General Services; the Department of Health and Mental Hygiene; the Department of Juvenile Services; the Department of State Police; the Department of Natural Resources; and the Department of Public Safety and Correctional Services (DPSCS).

The Department of Budget and Management advises that DPSCS estimates providing an additional day of personal leave in fiscal 2020 increases general fund expenditures by approximately \$1.7 million, based on the overtime costs of 6,239 correctional officers and sergeants in DPSCS. To the extent that other agencies with 24/7 operations also experience increased overtime expenses resulting from employees taking more time off, expenditures (all funds) increase by even more, but any such effect cannot be accurately estimated at this time.

Additional Information

Prior Introductions: None.

Cross File: SB 580 (Senator Mathias, *et al.*) - Finance.

Information Source(s): Judiciary (Administrative Office of the Courts); University System of Maryland; Department of Budget and Management; Maryland Department of Transportation; American Federation of State, County, and Municipal Employees; Department of Legislative Services

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