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HOUSE BILL 1525 State Medical, Nursing, and Security Personnel - Compensation (P. Young, et al.)

POSITION: **OPPOSE**

DATE: **March 5, 2020**

COMMITTEE: **House Appropriations Committee**

SUMMARY OF BILL: HB 1525 increases the salaries for Physicians, Nurses, and Security Attendants at State Hospitals and the Nurse Case Reviewers at the Motor Vehicle Administration (MVA). The bill requires: Physician Clinical Specialist positions to be paid the same grade as Psychiatrist Clinical Graduates; Security Attendants to be paid the same grade as Correctional Officers at the Department of Public Safety and Correctional Services (DPSCS); and Nurse Case Reviewers to be paid the same as comparable nurses at the Maryland Department of Health (MDH). The bill further requires upward adjustments for nurses and security attendants in a fiscal year when adjustments to the pay scale are made for initial appointments in those job classifications.

POSITION EXPLANATION: Salary adjustments required in the legislation is projected to cost over \$1.7 million. This estimate was derived based on data from the most recently completed fiscal year (FY 2019). An additional fiscal impact may occur if the salary increases adversely impact other classifications. This estimate only represents costs for the State Personnel Management System (SPMS) and does not account for any impact at the MVA, within the Maryland Department of Transportation.

The Department addresses salary levels in every Budget submission. The amount of salary and grade increases and the methodology for establishing salary levels is most appropriately done by the Department's Classification and Salary (CAS) division. A review and evaluation by CAS is not done in isolation, but analyzes the impact of any changes on other positions within the State employee workforce, and within the context of total State workforce needs.

The proper mechanisms for increasing the grade level assigned to a classification is the Annual Salary Review (ASR) process. An ASR request is submitted as part of an agency proposed fiscal year budget request, or by a Pay Plan Amendment (PPA), which is only considered in order to address an immediate business necessity and requires the approval of the Governor based on the recommendation of the Secretary of DBM. An ASR request may also be submitted by an exclusive bargaining representative.

The ASR process includes the evaluation of the current recruitment and retention conditions, impact to similarly functioning or related classes, cost of the request, and considers if there may be an alternative solution. The impact to other classes is identified and cost estimates are prepared, if applicable. If submitted, salary survey data of relevant job markets is reviewed and compared to the State's current and proposed salary levels. The annual cost of request and alternative proposal is calculated. Based on this information, CAS provides recommendations to the Executive Director and Secretary of DBM concerning the disposition of the request. This information is shared with the exclusive bargaining representatives of bargaining unit employees.

It is important to note that the FY 21 Budget includes \$139.7 million for Statewide general salary increases, recruitment and retention bonuses, and targeted salary adjustments. Of the \$14.6 million in the FY 2021 Annual Salary Review (ASR), which addresses targeted salary adjustments, \$5.3 million was allocated to positions in MDH.

The cost associated with the FY 2021 ASR for the specific positions addressed by the legislation is \$141,682. The FY 2020 ASR also allocated \$4.5 million for various grade increases for MDH employees.

The ASR process has been an effective tool for thoroughly analyzing the impact of changes to the compensation levels of classifications within the SPMS. The ASR avoids the unintended consequences that otherwise might result from fragmenting or bypassing this process when such increases are determined through legislation.

For all of these reasons, the Department respectfully requests an unfavorable report.

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