

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 1464 (Chair, Appropriations Committee)
 (By Request – Departmental – Human Resources)

Appropriations Judicial Proceedings

**State Personnel - Baltimore City Department of Social Services Legal Services
 Division - Transfer of Personnel**

This departmental bill transfers all contractual employees of the Baltimore City Department of Social Services, Legal Services Division, to permanent positions in the Department of Human Resources.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: General and federal fund expenditures could increase by \$43,300 in FY 2009 to reflect the transfer of positions to the State Personnel Management System. Revenues would not be affected.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	26,000	27,300	28,700	30,100	31,600
FF Expenditure	17,300	18,200	19,100	20,100	21,100
Net Effect	(\$43,300)	(\$45,500)	(\$47,800)	(\$50,200)	(\$52,700)

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

Local Effect: The bill would not directly affect the finances or operations of Baltimore City, as contract positions are currently supported with State funds.

Small Business Effect: DHR has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Bill Summary: Each employee transferred from the Legal Services Division must be placed in a State Personnel Management System classification commensurate with his or her salary grade at the time of the transfer, based on the employee's hourly rate. The placement must not be conditioned on examination or further qualification. For purposes of seniority, including leave accumulation and layoff determinations, the employee must be credited with years of service as a contract employee.

The bill establishes that the transferred employees of the Legal Services Division, or any similarly transferred attorneys, remain authorized to institute and defend civil actions to which the local department of social services is a party.

Current Law: An attorney designated by a local governing authority is responsible for instituting and defending a civil action involving a local department of social services; an exception exists in Cecil County, where the local department of social services is authorized to independently secure counsel.

In general, an attorney who provides legal services on behalf of a local department of social services must be paid the fees established by DHR out of regular administrative funds.

Background: The Baltimore City Department of Social Services, Legal Services Division, represents the agency in legal and administrative proceedings involving matters of child welfare and guardianship. According to DHR, the division consists of 75 permanent employees who are in the State Personnel Management System and 22 employees who provide services under a contract with the University of Baltimore.

DHR's contract with the University of Baltimore dates to 1991, when it was developed to improve child welfare programs. The contract has been modified to include additional purposes and was expanded to include additional positions during efforts to limit the size of the State workforce. The department proposed to convert these contract employees to permanent State positions in a 2004 request to the Department of Budget and Management, but DBM denied the request citing lack of evidence that an employer-employee relationship existed and that incumbents were competitively selected. DHR indicates that the staff employed through the contract meet both criteria.

The benefits under the University of Baltimore contract are not comparable to those offered to the permanent State employees in the division, with contract employees accruing less leave and fewer health care benefits. DHR advises that the work of the contract employees is of an ongoing nature and conversion to permanent State status is needed to meet the legal requirements of the division.

State Fiscal Effect: The salary and fringe benefit costs for the 22 contractual employees, if transferred to the State Personnel Management System, are estimated at \$1,289,603 in fiscal 2009 with 5% annual growth. These employees are already located at a State facility and it is assumed that communication, supply, and equipment costs are unaffected by the personnel transfer. The fiscal 2008 value of the contract for the 22 University of Baltimore employees is \$1,186,899. Assuming 5% growth in annual contract costs, the fiscal 2009 contract is estimated at \$1,246,244.

The difference between State employment costs and contract costs would be an estimated \$43,359 in fiscal 2009, with 60% of program costs supported with general funds and 40% supported with federal funds.

Additional Comments: The Maryland State Retirement Agency advises that any employees transferred as a result of this legislation will be members of the Employees' Pension System on a prospective basis only.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Human Resources, Maryland State Retirement Agency, Department of Budget and Management, Baltimore City, Department of Legislative Services

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mll/hlb

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