

Department of Legislative Services
 Maryland General Assembly
 2008 Session

FISCAL AND POLICY NOTE

House Bill 909 (Delegate Robinson, *et al.*)
 Appropriations

State Personnel - Employee Development and Training Institute

This bill requires 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 would increase by \$486,500 in FY 2009 to implement and staff the institute. Future year expenditures reflect annualization and inflation. 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 | 486,500 | 629,300 | 653,900 | 679,700 | 706,700 |
| Net Effect | (\$486,500) | (\$629,300) | (\$653,900) | (\$679,700) | (\$706,700) |

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 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 report annually to the Governor and the budget 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 \$0.5 million, with six employees.

State Fiscal Effect: General fund expenditures could increase by an estimated \$486,541 in fiscal 2009, which accounts for the bill's October 1, 2008 effective date. This estimate reflects the cost of hiring one administrator, three employment training specialists, and two administrative staff 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:

- operating expenses are calculated based on fiscal 2005 actual expenditures, assuming 2% annual inflation; 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 | \$297,635 |
| Training and Other Contracts | 161,925 |
| Other Operating Expenses | <u>26,981</u> |
| Total FY 2009 State Expenditures | \$486,541 |

Future year expenditures reflect • full salaries with 4.4% annual increases and 3% employee turnover; and • 2% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 17, 2008
ncs/ljm

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