

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 556 (Senator Manno, *et al.*)
 Finance

State Personnel - Compensation - Shift Differential Pay

This bill generally requires the shift differential pay rate for an employee in the State Personnel Management System (SPMS) classified at a pay grade of 17 or below to be \$2.00 per hour. It also codifies other shift differential pay rates currently required in State regulations for specified positions and shifts. The Secretary of Budget and Management may adopt regulations to increase the shift differential pay rates specified in the bill. **The bill takes effect July 1, 2018.**

Fiscal Summary

State Effect: Expenditures increase (all funds) by approximately \$13.0 million beginning in FY 2019 as a result of increasing the generally applicable shift differential pay rate. State revenues are not affected.

(\$ in millions)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
GF/SF/FF Exp.	13.0	13.0	13.0	13.0	13.0
Net Effect	(\$13.0)	(\$13.0)	(\$13.0)	(\$13.0)	(\$13.0)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The existing shift differential pay rates codified by the bill are:

- a rate of \$2.60 per hour for an evening shift and \$2.00 per hour for a night shift to a registered nurse classified at a pay grade of 19 or below at any State institution and a registered nurse classified at a pay grade of 20 at Clifton T. Perkins Hospital Center; and
- a rate of \$1.00 per hour for a sworn police officer, a fire marshal, and a Maryland Department of Transportation (MDOT) firefighter.

Current Law: An employee in SPMS is entitled to shift differential pay if the employee is employed in a position designated for shift differential pay and works on a shift that starts on or after 2:00 p.m. and on or before 1:00 a.m. A State-employed firefighter is entitled to shift differential pay for qualifying hours if the firefighter works on a shift of at least eight hours, regardless of the time that the shift starts.

The Secretary of Budget and Management must adopt regulations for the payment of shift differential pay. The regulations must provide for fairness and equity among all employees in consideration of specified factors.

Regulations list the shift differential rate as the following, unless increased by the Secretary under separate guidelines:

- \$0.625 per hour for employees with classifications in salary grades 5 through 17;
- \$1.00 per hour for sworn police officers, fire marshals, and MDOT airport firefighters;
- \$2.00 per hour for a night shift for registered nurses through salary grade 19 in State institutions or through salary grade 20 in the Clifton T. Perkins registered nurse classification series; and
- \$2.60 per hour for an evening shift for registered nurses through salary grade 19 in State institutions or through salary grade 20 in the Clifton T. Perkins registered nurse classification series.

Background: Increasing the shift differential rate for specific bargaining unit employees in grade 17 and below was discussed during last year's collective bargaining negotiations, but an agreement on that item was not reached.

State Expenditures: The shift differential rates under the bill are the same as the shift differential rates specified under regulations, except for employees classified at a pay grade of 17 or below. The bill increases the shift differential rate from \$0.625 per hour to

\$2.00 per hour for employees in SPMS classified at a pay grade of 17 or below. Based on reported shift differential hours in 2017, the Department of Budget and Management estimates State expenditures increase by \$13.0 million annually to provide a shift differential pay rate of \$2.00 per hour to 8,617 employees in SPMS at or below salary grade 17.

Additional Comments: While the bill requires MDOT firefighters to be paid a shift differential rate of \$1.00 per hour, the bill only applies to employees in SPMS. MDOT has its own personnel system, so the bill does not apply to MDOT firefighters. Nevertheless, they already receive a shift differential rate of \$1.00 per hour.

Additional Information

Prior Introductions: None.

Cross File: HB 504 (Delegate Reznik, *et al.*) - Appropriations.

Information Source(s): Department of Budget and Management; Maryland Department of Transportation; Department of Legislative Services

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Analysis by: Heather N. Ruby

Direct Inquiries to:
(410) 946-5510
(301) 970-5510