

February 11, 2022

Chairman and Delegate C.T. Wilson
House Economic Matter Committee
6 Bladen Street, House Office Building
Annapolis, Maryland 21401

RE: HB0008 - Labor and Employment – Family and Medical Leave Insurance Program – Establishment (Time to Care Act of 2022) & HB0496 - Labor and Employment - Family and Medical Leave Insurance Program - Establishment

Honorable Chair C.T. Wilson, Vice Chair Brian Crosby, and Committee Members,

My name is Paige Boughan, MS, SHRM-SCP. I am a senior human resource professional and experienced volunteer leader within human resource professional membership organizations. I began as an HR/Payroll assistant in 2008 shortly after graduating with my undergraduate degree and worked my way up to senior level generalist while also achieving my master's degree and professional certification in this field. I have applied my human resource generalist leadership in retail, energy, and financial industries for businesses headquartered in Maryland, but with reach beyond our state borders – I currently work for a company headquartered in Maryland with employees in 29 states.

My volunteer work with SHRM (Society for Human Resource Management) affiliated chapters began when my own local Carroll County HR network first chartered our own affiliate local chapter – Carroll County SHRM. I took advantage of the networking and professional development opportunities local membership offered as a chartering member, and quickly took on volunteer leadership roles on the board of directors. I am currently serving as the Carroll County SHRM Director of Government Affairs, and the Maryland SHRM State Council Secretary and Director of Government Affairs Elect.

In my commitment to my Government Affairs volunteer leadership role, I am writing to you, with some concerns, that our HR professional membership community has with HB0008 and HB0496. I am also sharing concerns as an HR practitioner with over 100 employees in Maryland (we currently offer paid time off and voluntary short term disability policies to this group of employees).

As of this writing, at least twelve states and the District of Columbia have enacted a paid family and medical leave law (“PFMLL”). Two of the 12 apply only to the public sector. None of those 12 states border Maryland. In addition, Maryland employers are currently required to provide up to 13 different types of paid and unpaid leave (see page 5 for the full listing).

The Bipartisan Policy Center reports that as of January 13, 2022:

- one of the ten states’ PFMLL is an opt-in or voluntary program;
- five of the ten are fully funded by an employee payroll tax; and

- the remaining four of the ten exempt small employers from having to pay the tax.

If HB0008 is passed and enacted, that will make Maryland the only state to impose this type of mandatory payroll tax on all Maryland employers and their employees.

Maryland has already implemented Paid Family Medical Leave (PFML). The following are some of MD SHRM's concerns with HB8. As drafted, the bills:

The following are some of MD SHRM's concerns with HB8 & HB0496. As drafted, the bills:

- May create a new and additional paid leave benefit, rather than providing pay for existing unpaid leave
- Prohibit employers from requiring use of paid leave before using leave without pay (LWOP)
- Creates an administrative burden requiring employers to provide notice at least three times
- Imposes monetary penalties before we have implementing regulations (there are still none for Maryland's Healthy Working Families Act)
- Prohibits an employer from modifying any existing policy to offset the cost
- Does not align with Federal Family and Medical Leave Act (FMLA), causing major challenges in administration of multiple requirements for Human Resources to manage with 50+ employees
- Creates burden on small businesses not subject to FMLA who have never managed leave administration
- Does not provide a process that includes employers in the granting or denial of benefits (like Unemployment Insurance does to prevent fraud or abuse)
- Fiscal concerns for the State of Maryland – No actuarial support for program fund reserves or new agency to administer
- The Maryland Saves Act already pulls funds out of employee's pay for retirement savings
 - An additional mandate to sacrifice more of employee's hourly wages with rising inflation and other challenges is unwarranted

MD SHRM would like to be supportive of opportunities for employees to receive paid leave when it is not offered at their place of employment. We do not oppose a state-run leave bank. However, before making decisions on how much leave to afford, and withholdings required, Maryland needs to first conduct a comprehensive study with actuarial support for a sound budget. This should include reserves needed to sustain the leave bank, and the cost of administration and salaries needed to run the program. These costs will change from the initial launch. An actuarial forecast for future years should be part of this analysis.

Once a comprehensive study with actuarial support is performed, the benefits and duration of claims payments can be made in a way that allows for success of future legislation.

MD SHRM welcomes the opportunity to work with the legislature on a solution that helps all Marylanders. I thank you for your time and consideration. I invite you to contact me if I can provide any more information or answer any questions.

Respectfully submitted,

Paige Boughan, MS, SHRM-SCP