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Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

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SENATE BILL 275 Labor and Employment - Family and Medical Leave Insurance Program - Establishment (Hayes and Benson)

STATEMENT OF INFORMATION
DATE: February 10, 2022

COMMITTEE: Senate Finance

SUMMARY OF BILL:. SB 275 establishes the Family and Medical Leave Insurance Program in the Department of Labor to provide partial wage replacement to employees who take leave to care for a newborn, attend to the serious health condition of the employee or a family member, or other qualifying exigencies that pertain to a family member that is a service member; establishes the Family and Medical Leave Insurance Fund as a special, nonlapsing fund; requires, beginning January 1, 2023, employees, employers, and self-employed individuals to contribute up to .75% of wages to be shared equally between employees and employers; allows, beginning July 1, 2025, employees to submit a claim for benefits of up to 12 weeks and an additional 12 weeks for the care of a family member; establishes an initial weekly benefit amount of at least $50 and not more than $1,000 to be subsequently increased by the CPI; and requires the Department of Labor to promulgate regulations by October 1, 2022.

EXPLANATION: The Department's Office of Personnel Services and Benefits is charged with administering the Statewide Personnel System for executive branch agencies, with the exception of the Department of Transportation (MDOT) and University of Maryland System (UMS). State employees have historically been recognized as enjoying an extremely robust leave package.

Paid Leave for State Employees

- *Annual Leave* - 10 to 25 days annually, dependent upon seniority. Leave can carry over from year to year up to a maximum of 75 days. Can be used for any purpose.
- *Personal Leave* - 6 days annually (7 during a Leap Year). Can be used for any purpose.
- *Compensatory Leave* - earned by employees who do not receive overtime payments. Can be used for any purpose.
- *Sick Leave* - 15 days annually. Can be used for an illness/disability or medical appointment of the employee or a member of the employee's immediate family. Leave can carry over from year to year with no limit.
- *Parental Leave* - Up to 60 days of leave to care for a newborn child, but must first exhaust available annual or personal leave. State employees who are jointly responsible for the child may each be eligible for the 60 days of leave.
- *COVID Leave* - 10 days annually.
- *Leave Bank* - State employees may donate annual, personal and/or sick leave to other employees who have a serious and prolonged medical condition and who have exhausted all their leave.

- *Leave Donation Program* - State employees may donate annual, personal and/or sick leave to other employees who have a serious and prolonged medical condition and who have exhausted all of their leave.
- *Accident Leave & Temporary Total Disability (TTD)* - Paid leave granted to an employee as a result of a work-related accident. The leave is paid at ⅔ the employee's normal pay. Accident leave may be extended up to a year, after which the employee may continue to be paid ⅔ under TTD.
- *Holiday Leave* - 12 holidays annually (13 during an election year).

NOTE: From the beginning of the pandemic through January 11, 2022, in an effort to recognize the hard work of our dedicated employees, annual leave in excess of 600 hours and compensatory leave earned in the previous year that normally would have been forfeited was designated as *Pandemic Carryover Time Off* and maintained for employees to use any time in the future, for any reason. This leave will not expire, but will be forfeited upon separation from State Service.

There is an administrative cost to coordinating the additional leave benefits provided under the bill, and how those complexities interact with current leave benefit eligibility. Implementation costs are indeterminate, but could be significant to reconfigure the Workday time/leave system.

It is difficult to estimate the cost associated with the rate of contribution to the Family and Medical Leave Insurance Fund without a specific rate established. The maximum rate of 0.75% would **cost the State $27.7 million** for its 50% share. **State employees, collectively, would also be charged $27.7 million.** The generous leave already provided should be given strong consideration in determining whether the State and its employees should be mandated to contribute to a Fund that they may never utilize.

The State is currently focused on providing competitive salaries and enhancing its telework policy, both of which are important to employees. To this end, the FY 2023 Budget allocates $820 million for salary enhancements.

State employees are currently protected under FMLA and enjoy significant amounts of leave that are not typically provided in the private marketplace.

Further, the bill imposes **a new statewide wage tax** in an amount that, at the maximum tax rate, is estimated to be **$1.3 billion to $1.4 billion**.

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