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BILL: SB 828
TITLE: Family and Medical Leave Insurance Program - Modifications
DATE: March 2, 2023
POSITION: Support with amendments
COMMITTEE: Senate Finance Committee
CONTACT: Mary Pat Fannon, Executive Director, PSSAM

The Public School Superintendents' Association of Maryland (PSSAM), on behalf of all twenty-four public school superintendents, **supports** Senate Bill 829 **with amendments** to delay contributions to July 1, 2024 to better align with local govt budgetary processes, and to require the Department of Labor (DLLR) to release guidance on private opt-out application and other processes by Jan 1, 2024.

This legislation clarifies pieces of the Family and Medical Leave Insurance Program, which was adopted by the Legislature in 2022. The bill clarifies and alters certain provisions relating to the administration of the Program, including provisions related to the provision of benefits, the payment of contributions, and appeals. The bill establishes the employer and employee shares of the total rate of contribution. Under this legislation, the State is required to pay for certain contributions for certain employers and certain covered employees. This bill repeals the requirement that a covered individual exhaust all employers-provided leave that is not required to be provided under law before receiving benefits under the Program. Lastly, the bill authorizes a covered individual and an employer to agree to use certain leave to replace wages during the period of leave for which benefits are received under the Program.

PSSAM welcomes the modifications and clarification in Senate Bill 828, but supports additional amendments to provide an appropriate timeframe to set up these programs in school systems and local governments. We stand with our partners - Maryland Association of Boards of Education (MABE), the Maryland Municipal League (MML), and the Maryland Association of Counties (MACo) - in requesting these amendments.

The Time to Care Act of 2022 established the Family and Medical Leave Insurance (FAMLI) Program and Fund. This fund provides up to 12 weeks of benefits to a covered individual taking leave for personal and family circumstances. The Fund consists of contributions from employees and employers. The law requires that by June 1, 2023, the Secretary of Labor must adopt regulations to implement the program, and must set the total rate of contribution and percentage of the total contribution rate to be paid by employers and employees that will be in effect from October 1, 2023, through December 31, 2025. Then, beginning October 1, 2023, employers and employees are to begin making payroll contributions to the Department of Labor to generate the FAMLI Fund and to support benefits payments in 2025.

This legislation requires the Secretary of Labor to set the employer and employee contribution rates by Sept. 1, 2023; it also extends the start date for the mandated funding and payroll contributions to the Fund by October 1, 2023 to Jan. 1, 2024. This January deadline is especially troublesome because it is right in the middle of our fiscal year and it also creates a funding obligations beginning on July 1, 2023.

For practical reasons, this extension is extremely important. In order to meet any approval deadline, we are seeking an amendment for a date-certain from DLLR to promulgate regulations regarding the exemption criteria, and the application review and approval process. Clear guidelines with enough time to review, plan, and implement are more than reasonable in light of this significant new initiative.

Also, the months of January through July are valuable for budget planning for contributions to the State plan, as well as the complex work of adapting existing school system employee payroll infrastructure. Starting in July 2024 nicely aligns with our fiscal year, as well as the budgeting, negotiating and implementation of The Blueprint for Maryland's Future,.

For the reasons stated above, PSSAM requests a **favorable report on Senate Bill 828, with amendments** addressing our concerns.