

BILL: Senate Bill 485
TITLE: Family and Medical Leave Insurance Program - Modifications
DATE: February 16, 2024
POSITION: SUPPORT WITH AMENDMENTS
COMMITTEE: Finance
CONTACT: John R. Woolums, Esq.

The Maryland Association of Boards of Education (MABE) supports the intent of Senate Bill 485 to improve the administration of the new Family and Medical Leave Insurance (FAMLI) Program and Fund. However, MABE requests an amendment to remove or limit the bill's new authority for the Department of Labor to establish and collect fees from private employer plans.

The Time to Care Act of 2022 establishes the Family and Medical Leave Insurance (FAMLI) Program and Fund to provide up to 12 weeks of benefits to a covered individual taking leave from employment due to personal and family circumstances. The FAMLI Fund consists of contributions from employees and employers, including Maryland's 24 local school systems and municipal and county governments. The law requires that 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 during the program's initial implementation. Employers and employees are to begin making payroll contributions to the Department of Labor to generate the FAMLI fund and to support benefits payments beginning in 2026. MABE appreciates that Senate Bill 485 would extend implementation dates and make other technical changes to the law.

As the committee knows, the Time to Care Act appropriately provides an exemption for employers who satisfy the requirements of law through their employer plan. Importantly, this exemption provides the opportunity for employers, including public sector employers such as boards of education, counties, and municipal governments, to receive departmental approval to establish employer provider benefits plans. This is why MABE has supported the adoption of the Time to Care Act with assurances that adequate time was provided for clarification of the exemption criteria and application review and approval process. MABE used this time to create a statewide collaborative approach to benefit as many local government entities and their employees as possible.

Today, the Time to Care Act Collaborative established in partnership between MABE, the Maryland Association of Counties (MACo), and the Maryland Municipal League (MML), is working toward the goal of increasing purchasing power with national vendors who will administer the program. In the process, MABE and our partners expect to help save school systems and local governments millions of tax dollars, which instead can be redirected into other budgetary needs. MABE does not believe that our collaborative program, and cost savings to our local government employers and employees that it generates, should be burdened with departmental fees.

For these reasons, MABE requests a favorable report on Senate Bill 485, with an amendment to exempt local government employer provided plans from the Department's new authority to collect fees from employer provided plans.