

**Department of Legislative Services**  
Maryland General Assembly  
2024 Session

**FISCAL AND POLICY NOTE**  
**Enrolled - Revised**

Senate Bill 478  
Finance

(The President, *et al.*) (By Request - Administration)

Economic Matters

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**Families Serve Act of 2024**

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This Administration bill authorizes employers to grant a hiring and promotion preference to the spouse of an eligible service member. The bill specifies that granting this preference does not violate any State or local equal employment opportunity law. An “eligible service member” is a full-time active-duty member of any branch of the uniformed services, and the bill makes a conforming change to the definition of an “eligible veteran” for hiring or promotion preferences authorized under current law. Additionally, the bill requires all appointing authorities in the State Personnel Management System (SPMS) to apply a credit of 10 points on a selection test for an applicant who is an “eligible spouse,” defined as an individual who is married to a full-time active-duty member of any branch of the uniformed services. The definition of “eligible veteran” for selection test credits is also expanded to include a veteran of any branch of the uniformed services, not just the armed forces. **The bill takes effect July 1, 2024.**

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**Fiscal Summary**

**State Effect:** The bill’s requirements can be handled with existing budgeted resources. No effect on revenues.

**Local Effect:** None. The bill does not apply to local governments as employers.

**Small Business Effect:** The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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## Analysis

**Current Law:** An employer may grant a hiring and promotion preference to an eligible veteran, the spouse of an eligible veteran who has a service-connected disability, or the surviving spouse of a deceased eligible veteran. An “eligible veteran” is a veteran of any branch of the U.S. Armed Forces who has received an honorable discharge or a certificate of satisfactory completion of military service, including the National Guard, the military reserves, the Commissioned Corps of the Public Health Service, and the Commissioned Corps of the National Oceanic and Atmospheric Administration. Granting this preference does not violate any State or local equal employment opportunity law. The State and local governments are not considered employers.

### *State Employees within the State Personnel Management System*

SPMS has four major employment categories designated in statute:

- executive service, which consists of chief administrators of principal units or comparable positions, including deputy secretaries or assistant secretaries;
- management service, which consists of positions that involve direct responsibility for the oversight and management of personnel and financial resources and that require the exercise of discretion and independent judgment;
- professional service, which consists of positions that require advanced knowledge in a field of science or learning and that normally require a professional license, advanced degree, or both; and
- skilled service, which consists of all other positions.

*Selection Process:* When a skilled service or professional service position within SPMS is to be filled, a unit must prepare a position selection plan that includes, among other requirements, a plan of development of any selection test to be administered to qualified applicants. Job announcements for these positions must also describe the type of selection test to be administered to applicants who meet the position’s minimum requirements.

Appointing authorities may use any appropriate selection process to rate qualified applicants, including job relatedness, reliability, and scores on selection tests. Selection tests must be free of charge to applicants and open to all qualified applicants, except to those who falsify information on an application.

*Application of Credits and Placement in Categories:* Credits may be applied to the results of selection tests for applicants who are *otherwise qualified* and have at least the minimum passing score on a selection test for:

- current State employees (one-quarter point for each year of State service, up to 5 points);
- veterans of the U.S. Armed Forces, spouses of veterans with service-connected disabilities, and surviving spouses of a deceased eligible veteran (10 points, plus 2 points for a former prisoner of war);
- residents of high unemployment counties for specified positions in correctional facilities (5 points);
- State residents (5 points); and
- individuals with a disability (5 points).

Based on all appropriate standards used, the appointing authority must place all candidates in the following categories: (1) best qualified; (2) better qualified; (3) qualified; (4) unsatisfactory; and (5) additional categories related to special circumstances. Generally, candidates are to be listed by random order within each category.

**Background:** The federal government offers the Military Spouse Noncompetitive Appointing Authority, which allows a federal agency to appoint spouses of current active-duty service members without competition. However, the authority does not entitle spouses to an appointment over any other applicant; it is used at the discretion of an agency. This authority sunsets December 31, 2028.

#### *Unlawful Employment Discrimination*

State law generally prohibits an employer with at least 15 employees from discharging, failing or refusing to hire, or otherwise discriminating against any individual with respect to the individual's compensation, terms, conditions, or privileges of employment because of race, color, religion, sex, age, national origin, marital status, sexual orientation, gender identity, genetic information, or disability. The State and local governments are considered employers.

Regardless of employer size, under the State's Equal Pay for Equal Work law, an employer may not discriminate between employees in any occupation by providing less favorable employment opportunities based on sex or gender identity or paying a wage to employees of one sex or gender identity at a rate less than the rate paid to employees of another sex or gender identity if both employees work in the same establishment and perform work of comparable character or work on the same operation, in the same business, or of the same type. The State and local governments are considered employers.

The federal Equal Employment Opportunity Commission (EEOC) is responsible for enforcing federal laws that make it illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy, gender

identity, and sexual orientation), national origin, age (40 or older), disability, or genetic information. It is also illegal to discriminate against a person because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit. Most employers with at least 15 employees are covered by EEOC laws (20 employees in age discrimination cases). Most labor unions and employment agencies are also covered. Antidiscrimination laws apply to all types of work situations, including hiring, firing, promotions, harassment, training, wages, and benefits.

### *Uniformed Services*

The “armed forces,” as defined by 10 U.S.C. § 101, means the Army, Marine Corps, Navy, Air Force, Space Force, and the Coast Guard. The “uniformed services” means the armed forces, the commissioned corps of the Public Health Service, and the commissioned corps of the National Oceanic and Atmospheric Administration.

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## **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 604 (The Speaker, *et al.*) (By Request - Administration) - Economic Matters.

**Information Source(s):** University System of Maryland; Department of Budget and Management; Maryland Department of Labor; Maryland Department of Transportation; U.S. Office of Personnel Management; U.S. Equal Employment Opportunity Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - February 19, 2024  
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## **ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

TITLE OF BILL: Families Serve Act of 2024

BILL NUMBER: SB 478

PREPARED BY: Maryland Department of Veterans Affairs (Andrew Libraty)

### **PART A. ECONOMIC IMPACT RATING**

This agency estimates that the proposed bill:

  X   WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

### **PART B. ECONOMIC IMPACT ANALYSIS**

The legislation will affect the ability of small businesses to pursue preferential hiring and promotions for a class of employees. It will positively affect employers ability to hire and retain talent. Military spouses are often overeducated and underemployed relative to the general population. Should this legislation pass, small businesses will have the ability to pursue a capable workforce with more ease.