

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 425 (Delegate Hixson, *et al.*)
Commerce and Government Matters

Sexual Harassment - Education and Training in the Workplace

This bill requires all employers doing business in the State (including the State in its capacity as an employer) to put up a poster which details certain specified information concerning sexual harassment, including the complaint process available through the Human Relations Commission. The text of the poster required may not exceed a sixth grade reading level. Upon request, the Human Relations Commission must provide employers with the required poster at a price that reflects the cost. The poster may be reproduced by an employer.

The same information must also be provided through an annual written notice to all employees. Such a notice must be initially provided by January 1, 1998 and must be distributed in a manner that ensures delivery to all employees without exception (e.g., included with paycheck).

The bill also provides that, in any workplace with 15 or more employees, an employer must conduct an education and training program for all new employees which details information regarding the illegality, definition, and examples of sexual harassment. The program must also detail the internal complaint process and the legal recourse and complaint process available through the Human Relations Commission. Additional training must be provided for supervisory and managerial employees that outlines their responsibilities and the appropriate corrective action to take in addressing sexual harassment complaints. The education and training programs required must be conducted within one year of the date an employee or supervisor commences employment.

Fiscal Summary

State Effect: General fund revenues and expenditures could increase by a minimal amount.

Local Effect: Expenditures could increase by a minimal amount. Revenues would not be affected. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: Potential meaningful impact on small businesses as discussed below.

Fiscal Analysis

State Effect: Additional revenues would be collected by the Human Relations Commission when the posters specified in the bill are purchased by employers. However, these collections would only represent the cost of the posters and, therefore, would not result in a net revenue increase.

Expenditures could increase by a minimal amount due to the following requirements of the bill:

- (1) The Human Relations Commission would have to print posters with the required information for distribution to any employer who requests to purchase a poster. It cannot be determined how many employers would purchase rather than make their own poster; however, because the posters can be reproduced, it is anticipated that most employers would likely only purchase a minimal number of posters, if any. The Legislative Print Shop advises that the posters could be printed at an estimated cost of \$.30 each. Any printing costs incurred by the commission would be offset by monies collected from employers.
- (2) The State, in its capacity as an employer, would incur additional costs in order to provide (1) the required posters; and (2) the required written notice to each State employee. These costs are estimated to be minimal and could be absorbed within existing budgeted resources. In addition, training programs would have to be provided for new and supervisory employees. It is anticipated that such programs could be incorporated into new employee orientations or normal supervisory training, and therefore, any related costs could be absorbed within the existing budgeted resources of most State agencies.

Local Expenditures: For local governments that already implement education and training programs about sexual harassment, the minimal fiscal impact due to purchasing posters and other printed materials could be absorbed within existing budgeted resources.

Based on a limited survey of local governments without sexual harassment programs, start-up

costs in fiscal 1998 could be up to \$2,300 to establish training programs and purchase printed materials. Out-year expenditures (fiscal 1999-2002) could be up to approximately \$1,400 for annual training and distribution of printed materials.

Small Business Effect: This bill requires all employers doing business in Maryland to put up posters which detail specific information concerning sexual harassment. Employers with more than 15 employees must conduct education and training programs for new employees and specialized training for supervisory and managerial employees. Small businesses could experience a significant expenditure increase as a result of organizing and conducting the sexual harassment programs for the employees. Usually, businesses contract with a local community college to train the employees. Actual expenditures would depend upon the number of employees sent to training, and the cost of the class per employee.

In addition to the direct cost of the sexual harassment training, small businesses would experience disruption to their operations as employees are absent to attend the training.

Information Source(s): Human Relations Commission; Department of Transportation; Department of Budget and Management; Frederick and Prince George's counties; cities of LaPlata, Laurel, and Greenbelt; Baltimore City; Department of Fiscal Services

Fiscal Note History: First Reader - February 25, 1997
brd

Analysis by: Lori Caldwell-Valentine
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710