

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE
Revised

House Bill 870 (Delegate Pitkin, *et al.*)

Appropriations

State Personnel - Teleworking Pilot Program

This bill renames the Telecommuting Pilot Program for State employees the Teleworking Pilot Program and makes certain changes to that program.

The bill takes effect July 1, 1999 and remains in effect for two years and three months, sunseting on September 30, 2001.

Fiscal Summary

State Effect: Increase in contractual services expenditures (general funds) for a teleworking consultant of \$150,000 in FY 2001 and \$150,000 in FY 2002. Indeterminate increase in equipment and other expenditures (all funds) if agencies increase the number of teleworkers to meet bill's goal.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Bill Summary: The Secretary of the Department of Budget and Management (DBM) must adopt a telework policy and guidelines to establish and carry out the purposes of the pilot program for use by all participating agencies. Participating agencies are required to provide teleworking State employees with copies of relevant agency telephone directories and reports that are stored on computer disk.

DBM must hire a telework consultant to provide technical assistance in implementing the

pilot program. The consultant must develop and conduct training programs for teleworking State employees and their managers and must identify telework centers, including distributive training technology centers, that are available to State teleworkers and develop a proposal for a telework center pilot program.

DBM will provide staff to manage the operations of the pilot program. The Secretary of DBM must establish a Telework Steering Committee to assist the Secretary in establishing telework programs in all executive branch agencies. The steering committee will conduct a survey of the number of potentially eligible teleworkers in each executive branch agency. The steering committee must also determine the cost effectiveness of implementing telework programs, including an analysis of cost savings resulting from increased productivity, reduction in the use of sick leave, decrease in employee turnover, and reduction in required office space. The steering committee must develop and distribute to managers in each executive branch agency a list of the benefits to managers, employees, and the public that result from implementation of telework programs.

The steering committee consists of a representative of DBM; the Department of Business and Economic Development; the Maryland State Department of Education; the Maryland Department of the Environment; the Department of Health and Mental Hygiene; the Department of Human Resources; the Department of Labor, Licensing, and Regulation; the Department of Transportation; the community colleges; the Military Department; and any other State agency as determined by DBM. DBM shall provide the staff for the committee.

DBM must provide a report to the budget committees on December 1, 1999 and December 1, 2000 concerning the success of the pilot program and the effect of the pilot program within each participating agency.

Each executive branch agency must establish a goal of having 10% of all eligible agency employees participate in a telework program. Each agency must present to the budget committees on December 1, 1999 and December 1, 2000 a report of the agency's success in implementing a telework program, including success in meeting the 10% participation goal and on the effect of the telework program within the agency. If the agency does not have a telework program, the agency must present a report on efforts made by the agency to establish a telework program and a discussion of why these efforts were unsuccessful.

State Expenditures: The 1998 Report of the Telecommuting Workgroup estimated that a teleworking consultant will cost approximately \$375,000 for three years. Of this amount, \$75,000 has been included in the proposed fiscal 2000 budget. Continuation of the pilot program will therefore require an additional \$300,000, of which \$150,000 will be spent in fiscal 2001 and another \$150,000 in fiscal 2002.

The department also advises that it will require one additional professional position (at a

salary of \$34,491) to develop policies and guidelines, to manage the operations of the pilot program, and to establish the teleworking steering committee. Legislative Services notes, however, that DBM has been able to staff the telecommuting pilot program with existing resources and should be able to continue to do so.

Not all employees would be eligible for teleworking; in fact, DBM estimates that only a fraction of State employees would be eligible. In many large departments, such as Public Safety and Correctional Services, Health and Mental Hygiene, and Human Resources, the relevant government services can only be performed with the employees on site. In all, only 4% to 7% of employees might be eligible for teleworking. If approximately 5.5% (or 2,697 of 48,000) of employees are eligible for teleworking, then 270 teleworkers would be necessary to meet the 10% goal.

Even a small increase in the number of teleworkers will result in increased short-term costs for the State if the State provided home office equipment. For illustrative purposes, if 275 additional teleworkers were added at a cost of \$2,200, the resulting additional State expenditures would total \$605,000. If 35% of them already owned their own computers, the additional cost would be reduced to \$393,000.

The resulting increase in teleworking could result in reductions in certain State expenditures such as office space. The DBM report argues that teleworking results in increased staff productivity. Any such productivity increase, however, cannot be reliably estimated at this time.

Information Source(s): Department of Budget and Management, Department of Legislative Services

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Analysis by: Matthew D. Riven

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510