SB 505

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 505 (Senators Harris and Mooney)
Education, Health, and Environmental Affairs Appropriations

State Employees - Military Administrative Leave

This bill authorizes the Secretary of Budget and Management to provide leave for employees in all branches of State government who are either on active duty on July 1, 2003 or called to active duty on or after July 1, 2003. The leave is limited to the difference between a member's federal active duty base salary and State base salary or direct wages. The compensation may not exceed an employee's State salary. Eligible employees must elect to use leave authorized by this bill or 15 days of fully paid leave allowed under current law. The Department of Budget and Management (DBM) must keep a record of the use of military administrative leave.

The bill is effective July 1, 2003 and terminates June 30, 2004.

Fiscal Summary

State Effect: Potential increase in general or special fund expenditures for State agencies for FY 2004 only. The impact cannot be accurately estimated at this time. No impact on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 285 of 2002 permits the Secretary of Budget and Management to permanently provide up to 15 days of leave with pay for employees on active military duty or military training in a reserve unit or in the organized militia (National Guard). It also allows State employees called to active military duty on or after September 11, 2001 on unpaid leave to receive leave from the State employees' leave bank beginning on the date the employee began unpaid leave or January 1, 2002, whichever is later. Employees called to active military duty after the effective date of the bill, July 1, 2002, must have previously contributed at least eight hours of annual or personal leave to the leave bank. The use of the State leave bank for this purpose expires December 31, 2003.

Background: According to a 2000 survey by the U.S. Department of Defense, 41% of reservists reported income loss during their most recent deployment, while 29% reported an income gain. Thirty percent reported no change. Certain groups reported greater losses of income on average. For example, physicians experienced a $9,000 average loss and self-employed reservists reported an average loss of $6,500. The average loss for senior officers was $5,000 versus $700 for junior enlisted members.

It is the policy of the State to continue health benefits for members of the National Guard called to active duty under either Title 32, Title 10, or Article 65 and for military reservists called to active duty. National Guard members also receive federal pay while serving active duty.

State Expenditures: DBM advises that 242 State employees have been called to active duty between September 11, 2001 and December 31, 2002. The fiscal impact of the bill is difficult to forecast and the impact will vary considerably by agency. For example, 96 of the Military Department's civilian employees (about 30% of its labor force) are reservists or members of the Maryland National Guard. Other State agencies should not be materially affected. Expenditures will vary further according to actual pay rates and global situations.

The bill would apply to approximately 421 Executive and Judicial Branch employees who are members of the Maryland National Guard as well as a minimal number of Legislative Branch employees and an unknown number of reservists in all branches. The average State employee salary is approximately $110 per day or $40,251 yearly, excluding nonbudgeted agencies and higher education. The average military base pay is $125 per day; therefore, *on average*, a differential would not be necessary. However, the State will have to compensate those employees whose federal pay is lower than their State pay. It is unclear what the level of the compensation will be or how many employees will qualify.

Additional Comments: The Department of Legislative Services notes that the Budget Reconciliation and Financing Act of 2003 proposes to sunset Chapter 285 on June 30, 2003, to prevent further deficiencies. As a result of this law, the Military Department was required to pay some of its employees with general funds rather than federal funds because those funds are not available after military activation begins which caused a $1.9 million deficiency in fiscal 2003. Twenty-two of the department's employees called to active duty are fully or partially paid with federal funds.

Additional Information

Prior Introductions: None.

Cross File: HB 816 (Delegate Frank, *et al.*) – Appropriations.

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

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