

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 484

(Senator Garagiola, *et al.*)

Budget and Taxation

State Personnel - Teleworking Implementation Program

This bill creates a Teleworking Implementation Program for State Executive Branch employees to allow eligible employees to work at a location other than a State office through the use of telecommunications technology.

The bill takes effect July 1, 2004.

Fiscal Summary

State Effect: Potentially significant increase in State expenditures in FY 2005, increasing annually thereafter. Actual expenditures will depend on the number of employees who participate in the program and the related costs of providing teleworking infrastructure; neither can be accurately predicted at this time. Under one scenario, expenditures would increase by \$658,500 in FY 2005, increasing significantly each year thereafter based on estimated participation. The cost per agency will vary. Revenues would not be affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The Secretary of Budget and Management must establish a telework policy applicable to Executive Branch agencies. Each agency must submit a telework plan to the Department of Budget and Management (DBM) that: (1) identifies positions within the agency that are appropriate for teleworking; (2) calculates the appropriate

number of days per month for each position that the agency has identified as appropriate for teleworking; and (3) establishes teleworking eligibility criteria. The percentage of eligible employees of an agency that must be offered the opportunity to telework is:

- 10% by December 31, 2005;
- 25% by December 31, 2006;
- 50% by December 31, 2007;
- 75% by December 31, 2008; and
- 100% by December 31, 2009.

An agency may use funds appropriated for the program to install and maintain telephone lines and telecommunications equipment at the employee's residence or at an alternate approved work site and to pay for telecommunications services, such as a monthly fee for connection to the Internet. The head of the agency must certify to DBM that the expenditures meet program regulations and guidelines and that the agency has installed adequate safeguards to prevent abuse. It must also certify that telecommunications expenditures cover only the amount of time that an employee used the service for teleworking purposes.

DBM must require agencies to provide teleworking employees with electronic copies of relevant agency telephone directories and reports. Each agency must adopt regulations and guidelines necessary to carry out the program.

The Secretary of Budget and Management is required to submit a report to the Senate Budget and Taxation and House Appropriations committees concerning the program's effect and the progress of each agency toward implementation.

Current Law: Chapter 466 of 1999 required the Secretary of Budget and Management to adopt a telework policy and guidelines to implement a pilot program (effective until September 30, 2001) for all participating State agencies. The legislation directed DBM to hire a telework consultant to provide technical assistance, including training for employees and managers, and development of a proposal for the program. It also directed each Executive Branch agency to establish a goal of 10% employee participation in the program and required the Secretary to submit a report about the program's effectiveness.

Background: Maryland currently operates a public-private teleworking program through the Maryland Department of Transportation (MDOT) called the Telework Partnership with Employers, through the Metropolitan Washington Council of Governments and the Baltimore Metropolitan Council. The employer or the employer's teleworkers are responsible for providing and installing any hardware or software that

may be needed and providing and paying for any telecommunications services that may be needed.

The State also helps to operate several telework centers statewide that are housed in National Guard armory sites and are federally funded. Each center has computer workstations and allows free use of office equipment and phone lines. Additionally, Charles County Community College operates three centers throughout Southern Maryland and the U.S. General Services Administration manages telecommuting centers in Bowie, Frederick, and Hagerstown under the federal telecommuting pilot program.

State Expenditures: The bill applies to approximately 53,212 Executive Branch employees, excluding MDOT and higher education institutions. If 10% of all employees were eligible for teleworking and chose to participate, the cost of providing Internet services alone could reach \$638,520 in fiscal 2005, based on MDOT's estimate that an Internet connection for each home will cost a minimum of \$120 per year. The costs would increase in the out-years as increasing numbers of employees are offered the opportunity to telework. To the extent that fewer employees are eligible, then estimated costs for the 10% of eligible employees that are selected would be correspondingly lower.

Other potential telecommunication costs include telephone lines and unspecified equipment. Telephones would not likely be needed in most cases.

The Department of Legislative Services (DLS) observes that the bill authorizes agencies to pay for telecommunications services or equipment from funds appropriated for the program but does not specify the source of those funds. Further, agencies are not required to provide such services; however, if it must provide the opportunity to a certain percentage of employees, those employees may choose to participate only if those costs are covered.

Not all employees would be eligible for teleworking. MDOT, for example, has only identified 1,058 or 12% of its total workforce that are eligible for teleworking. Of these, 25% or 264 are active teleworkers. In many large departments, such as Public Safety and Correctional Services, State Police, and Human Resources, the relevant government services can only be performed with the employees on site or in the field. Employees who have management responsibilities may also have limited ability to work outside the office.

Additional Comments: MDOT advises, and DLS concurs, that the bill may generate equity issues as some employees may be provided a free Internet connection in their home that employees who are not eligible to telework would not receive. It is unclear how such service could be provided for work purposes only.

Additional Information

Prior Introductions: Several bills have been introduced in recent sessions to encourage State and private sector participation in teleworking. HB 768 of 2003 would have required the creation of a pilot telework program that would operate highly technical telecommuting and training centers throughout the State for use by the public and private sector. The Appropriations Committee gave it an unfavorable report. In 2002, the Senate passed SB 677, which would have created a task force to study the feasibility of allowing a State income tax credit for employers' costs to provide telework benefits to employees. The Ways and Means Committee took no action on the bill.

Cross File: HB 1118 (Delegate Cryor) – Appropriations.

Information Source(s): Maryland Department of Transportation, Department of Legislative Services

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