

Department of Legislative Services  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**

Senate Bill 117

(Senator Garagiola, *et al.*)

Budget and Taxation

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**State Personnel - Teleworking Implementation Program**

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This bill establishes a Teleworking Implementation Program for 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, 2005.

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**Fiscal Summary**

**State Effect:** Potentially significant increase in State expenditures beginning in FY 2006. Actual expenditures would depend on the number of eligible participating employees, the related costs of providing teleworking infrastructure, and the extent to which the State funds these costs. The cost per agency will vary. State revenues would not be affected.

**Local Effect:** None.

**Small Business Effect:** None.

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**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, 2006;
- 25% by December 31, 2007;
- 50% by December 31, 2008;
- 75% by December 31, 2009; and
- 100% by December 31, 2010.

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. The head of the agency 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 an annual 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:** The current State policy for the Telework Program encourages agencies to meet a goal of having 10% of eligible employees teleworking at least four days per month. According to the most recent data from DBM, there are approximately 6,166 State employees that are eligible for teleworking, or about 15% of employees in the State Personnel Management System. DBM reports that 16 State agencies have either met or

exceeded the 10% goal for teleworkers that telecommute at least four days per month, and that approximately 493 employees telework on an occasional basis. DBM advises that most agencies with telecommuting programs do not provide Internet service or telecommunications equipment for teleworkers, and that in general teleworkers must use their personal equipment and pay for Internet service if necessary.

The Maryland Department of Transportation (MDOT) advises that it has identified 1,058 of its employees who are eligible to telework, or approximately 12% of its workforce, all of which have been offered the opportunity to telework. As of June 2003, 264 or 25% of those eligible were either active or occasional teleworkers. MDOT does not currently provide or reimburse employees for any incurred costs associated with teleworking, such as Internet service.

The State helps to operate several federally funded telework centers statewide that are housed in National Guard armories. Each center has approximately 18 computer workstations and allows free use of office equipment and phone lines; video conferencing is available at most sites. Use of the National Guard telework centers is free to State employees.

The U.S. General Services Administration manages telework centers in Bowie, Frederick, and Hagerstown under the federal telecommuting pilot program, and the College of Southern Maryland in conjunction with the U.S. General Services Administration, manages three telework centers in Laurel, Prince Frederick, and Waldorf. The monthly fee for use of these facilities is approximately \$100 per weekday worked, with a maximum monthly fee of approximately \$500. This fee applies to both public- and private-sector teleworkers.

**State Expenditures:** The impact of this bill on State expenditures depends on the number of State employees eligible to telework, the number who would participate, the method by which they would telecommute, and whether the agency would use funds appropriated to the program to pay for telecommunications equipment and services. None of these factors can be reliably quantified at this time.

The Department of Legislative Services observes that the bill authorizes but does not require agencies to pay for telecommunications services or equipment from funds appropriated for the program. If it must provide the opportunity to telework to a certain percentage of employees, those employees may choose to participate only if those costs are covered.

The Executive Branch has approximately 74,132 regular full-time employees. For illustrative purposes only, assuming that 15% of these were eligible for teleworking

(11,120) and 10% of these participated (1,112), the cost of Internet service alone to these individuals could be \$133,440 in fiscal 2006, based on \$120 per year to maintain an Internet connection to each home. Other potential telecommunication costs include telephone lines and unspecified equipment. Out-year expenses could increase to the extent that more employees would be offered the ability to telework.

Additionally, there could be costs for developing and administering the telework program for each Executive Branch agency. The degree to which agencies would require additional personnel and resources to develop and administer the telework program would vary by each agency. DBM advises that due to personnel and budget cutbacks in recent years, it will need approximately one part-time position to develop and administer the Teleworking Implementation Program.

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### **Additional Information**

**Prior Introductions:** HB 1118 of 2004, an identical bill, received an unfavorable report from the Appropriations Committee. Additionally, 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 60 (Delegate Cryor) – Appropriations.

**Information Source(s):** Department of Health and Mental Hygiene, Maryland Department of Transportation, Department of Budget and Management, Department of Legislative Services

**Fiscal Note History:** First Reader - January 24, 2005  
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Analysis by: Joshua A. Watters

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510