

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 30

(Senator Garagiola, *et al.*)

Budget and Taxation

State Employee Teleworking Act

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, 2006.

Fiscal Summary

State Effect: Potential increase in State expenditures beginning in FY 2007. Actual expenditures would depend on the number of eligible participating employees, the related costs of providing teleworking infrastructures, and the extent to which the State would fund these expenses. The cost per agency would vary. State 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) on or before October 1 of each year that: (1) identifies positions within the agency that are appropriate for teleworking; (2) calculates the appropriate number of teleworking days per month for each position that the agency has identified as appropriate for teleworking; (3) establishes

teleworking eligibility criteria for employees in positions identified as appropriate for teleworking; (4) provides the number of teleworking days in an agency during the previous fiscal year; and (5) includes the total cost or savings to the agency as a result of the program. The percentage of eligible employees of an agency that must be offered the opportunity to telework is:

- 5% by July 1, 2007;
- 10% by July 1, 2008;
- 15% by July 1, 2009;
- 20% by July 1, 2010; and
- 25% by July 1, 2011.

Each Executive Branch agency must adopt regulations and guidelines necessary to carry out the program.

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 available from DBM, there are approximately 6,166 State Personnel Management System (SPMS) employees that are eligible for teleworking, or about 15% of employees in SPMS. Further, in its 2004 *Report on Teleworking*, the most recent study available, DBM reported that 16 State agencies have either met or exceeded the 10% goal for teleworkers that telecommute at least four days per month, and approximately 493 employees telework on an occasional basis. DBM advises that while some State agencies may provide telecommunications equipment and services for its teleworkers, generally teleworkers provide their own equipment and Internet service.

The Maryland Department of Transportation (MDOT) advises that it has identified approximately 1,050 employees who are eligible to telework, all of whom have been offered the opportunity to do so. As of June 2003, the most recent available data, 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 computer work stations, office equipment, and phone lines. Use of National Guard telework centers is free to State employees. The U.S. General Services Administration manages telework centers in Bowie, Frederick, Hagerstown, 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.

State Fiscal Effect: 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 telework, and whether the agency would pay for telecommunications equipment and services.

The Department of Legislative Services observes that the bill does not require agencies to pay for telecommunications equipment and services for teleworkers. Although agencies must provide the opportunity to telework to a certain percentage of employees, those employees may choose to participate only if those costs are covered. To the extent that agencies cover these expenses, expenditures could increase.

There are approximately 74,459 regular full-time equivalent positions in the Executive Branch. *For illustrative purposes only*, assuming that 15% of these employees are identified as eligible for teleworking (11,169) and 5% of these participated (558), the cost of Internet service alone to these individuals could be \$66,960 in fiscal 2007. Assuming the total number of State employees remains constant, and that in fiscal 2011 20% (2,234) of eligible employees participated, the cost of Internet service to these individuals could reach \$268,080. This estimate assumes an annual Internet service cost of \$120 per teleworker. There could also be potential expenses associated with telephone lines and equipment, such as laptop computers.

In addition, there could also 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. To the extent that the State already has a 10% teleworking goal and 16 agencies and MDOT have already met or exceeded the goal, costs would be minimal until at least fiscal 2009, when the goal exceeds 10%. DBM advises that it would need one part-time position to develop and implement the Teleworking Implementation Program.

Additional Information

Prior Introductions: A similar bill, SB 117, was introduced during the 2005 session. It received an unfavorable report from the Budget and Taxation Committee. Another similar bill, HB 1118 of 2004, received an unfavorable report from the Appropriations Committee.

Cross File: None.

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

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