HB 1525

Department of Legislative Services

Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1525 (Delegate Morales, *et al.*)
Appropriations

State Personnel – Employee Mentoring Leave

This bill provides all State employees, except temporary employees, up to 40 hours of mentoring leave per year to mentor at-risk youth ages 5 to 21 years old in an approved organization. Participating employees must match any compensated time for mentoring with personal leave. Employees who use mentoring leave must assist with academic tutoring at public schools or nonprofit organizations or engage in site or community-based mentoring. The Department of Budget and Management (DBM) must assess each organization for approval, maintain a list of approved organizations in specified areas, and adopt regulations to implement the bill.

Fiscal Summary

State Effect: Expenditures increase (all funds) due to employees taking mentoring leave. *Under one set of assumptions*, expenditures (all funds) increase by approximately $2.1 million annually beginning in FY 2019 for overtime costs related to coverage for employees on mentoring leave. General funds increase by $52,800 in FY 2019 to implement the mentoring leave program. Out-years reflect annualization and elimination of one-time costs. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	$0	$0	$0	$0	$0
GF Expenditure	52,800	64,400	66,300	68,700	71,200
GF/SF/FF Exp.	-	-	-	-	-
Higher Ed Exp.	-	-	-	-	-
Net Effect	(-)	(-)	(-)	(-)	(-)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local government finances are not materially affected.

Small Business Effect: Minimal.

Analysis

Current Law: Employees in the State Personnel Management System (SPMS), except temporary employees, are generally entitled to six days, not to exceed 48 hours, of personal leave with pay at the beginning of the first full pay period of the calendar year. If an employee begins employment on or after March 1, the number of personal days is reduced, based on the employee's start date. Personal leave may be used for any purpose, generally, after notice is given to the employee's immediate supervisor.

Employees in SPMS, except temporary employees, also earn sick leave and annual leave. Annual leave accruals are based on the employee's years of service, which ranges from a maximum of 80 hours of annual leave each year for employees with less than 5 years of service to a maximum of 200 hours of annual leave each year for employees with at least 20 years of service. Annual leave may be used for any reason, upon supervisor approval. State employees in SPMS currently accrue paid sick leave at the rate of 1.5 hours for every 26 hours worked in nonovertime status. Employees earn a maximum of 15 days, or 120 hours, of sick leave each year.

Background: Several states provide leave for volunteering. In California, the State Employee Mentoring Program grants up to 40 hours of leave per year, on a matching basis, to eligible employees who mentor at-risk youth (grades K-12). Virginia grants State employees 16 hours of paid leave annually to provide volunteer services through eligible nonprofit organizations or 24 hours of paid leave to serve with a volunteer fire department and rescue squad or auxiliary unit.

State Expenditures: The bill applies to all employees, except temporary employees, in the Executive, Legislative, and Judicial Branches, including those with independent personnel systems. Leave policies are generally comparable across branches and personnel systems, with some variations. It is unknown how many employees will take mentoring leave. Since employees must match mentoring leave with personal leave, the Department of Legislative Services (DLS) assumes only a small fraction of employees eligible to take mentoring leave will do so.

The average salary of a State employee in fiscal 2017 was $55,180. Thus, providing 40 hours of mentoring leave to State employees could increase State expenditures by approximately $1,061 per employee taking the maximum 40 hours of mentoring leave. *For illustrative purposes only*, if 10% of State employees take 40 hours of mentoring leave (matched with 40 hours of personal leave), the value of that leave is approximately $8.5 million.

However, there is only a financial cost to the State if agencies either hire temporary employees to fill in for employees who are on leave or other employees must work overtime to cover shifts, since employee time is already compensated. Any such cost may be mitigated since DBM reports that it does not generally hire temporary employees to fill in for employees who are on leave, so the bill could result in lost productivity. To the extent, therefore, that other employees do not need to work overtime to cover an employee's workload, some agencies, like DLS, can implement the bill with existing resources.

Other agencies likely incur overtime costs for current employees to work extra shifts to cover for the employees on mentoring leave. Agencies with 24/7 operations within SPMS include the Department of Labor, Licensing, and Regulation; the Department of General Services; the Maryland Department of Health; the Department of Juvenile Services; the Department of State Police; the Department of Natural Resources; and the Department of Public Safety and Correctional Services. Approximately 25% of employees work in agencies that require 24/7 operations, so if 10% of State employees take mentoring leave, expenditures (all funds) may increase by approximately $2.1 million annually beginning in fiscal 2019 for overtime costs to ensure coverage.

Additional resources may be needed for units with independent personnel systems to add mentoring leave to personnel systems, though DBM can make configuration changes to its personnel system with existing resources. However, DBM requires an administrator to oversee the mentoring program. General fund expenditures increase by $52,822 in fiscal 2019, which accounts for the bill's October 1, 2018 effective date. This estimate reflects the cost of hiring one administrator to develop and manage the mentoring program. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

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Salary and Fringe Benefits	$47,463
Operating Expenses	5,359
Total FY 2019 State Expenditures	**$52,822**

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: SB 727 (Senator King, *et al.*) - Finance.

Information Source(s): Judiciary (Administrative Office of the Courts); University System of Maryland; Department of Budget and Management; Maryland Department of Transportation; Maryland Department of Human Services; California Department of Human Resources; Virginia Department of Human Resource Management; Department of Legislative Services

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