

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

House Bill 73
 Appropriations

(Delegate Krimm)

Finance

State and Local Government and Public Institutions of Higher Education -
 Teleworking

This bill establishes the Office of Telework Assistance (OTA) and the Business Telework Assistance Grant Program in the Department of Commerce; the Governor must include \$1.0 million annually in the State budget for the program. The bill also (1) requires the Judicial and Legislative branches of State government to each maintain a telework program; (2) alters the statewide telework program that must be maintained by the Executive Branch of State government; and (3) requires public institutions of higher education to comply with the statewide telework program. Each local government entity must also maintain a similar telework program. **The bill takes effect July 1, 2021.**

Fiscal Summary

State Effect: General fund expenditures for Commerce increase by \$168,400 in FY 2022 and by \$1.0 million annually thereafter; the mandated funding is assumed to include administrative costs. The bill’s other requirements can be handled using existing resources, as discussed below. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2023.**

(\$ in millions)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0.2	1.0	1.0	1.0	1.0
Net Effect	(\$0.2)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)

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

Local Effect: Local government entities that implement a telework program are likely to experience administrative efficiencies and may experience minimal cost savings related to, among other things, office space and energy use. Revenues are not affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary:

Office of Telework Assistance

OTA must (1) establish best practices for telework policies; (2) as necessary in establishing the best practices, consult with the business community and other government agencies, including the Department of Budget and Management and the Department of Information Technology (DoIT); (3) post the best practices on Commerce's website in a publicly accessible location; (4) by October 1, 2021, and each October 1 thereafter, adopt guidelines on the best practices; and (5) assist private-sector business entities in implementing telework policies for their employees.

Additionally, by December 1, 2021, OTA must report to the General Assembly on the best practices it establishes for telework policies.

Business Telework Assistance Grant Program

The purpose of the Business Telework Assistance Grant Program is to assist and support businesses in implementing telework policies for their employees. A grant awarded through the program may be used to purchase hardware, software, and other technical equipment or technical services necessary for a business to implement a telework policy. To qualify for a grant, a business must develop a policy that conforms to the best practices established by OTA. In awarding a grant, Commerce must prioritize small businesses and consider the number of employees in the business and the assistance needed for the business to implement a telework policy. Commerce must adopt regulations to implement the program.

Within one year after receiving a grant through the program, a business must submit a letter to Commerce that (1) describes how the grant funding was used; (2) includes the telework policy that was implemented using the funding; and (3) includes any invoices related to the implementation of the policy. Commerce may require a grant recipient that fails to fulfill the requirements of the grant to return all or part of the grant.

Executive, Legislative, and Judicial Branches of Government

The bill expands the requirement for Executive Branch State agencies to implement a telework program so that it also applies to the Legislative Branch and Judicial Branch of State government and expressly applies to public institutions of higher education (meaning public senior higher education institutions and community colleges); specifically, each appropriate official, as defined by the bill, must establish a telework program and adopt

related policies and guidelines. The goal for the Executive Branch to have at least 15% of eligible employees participating in a telework program is repealed, and instead, each appropriate official for all three branches of government and public institutions of higher education must, to the extent practicable, maximize the number of eligible employees participating in a program. Beginning in fiscal 2023, each appropriate official must also negotiate criteria for designated telework positions if the affected employees are covered by collective bargaining.

In developing the guidelines, the appropriate official for each unit in the Executive Branch must coordinate with DoIT and ensure the adequacy of information and security protection for information and information systems used while teleworking. The bill establishes other requirements for the guidelines, including that they control access to and protect unit information and information systems. An eligible employee must receive and acknowledge the guidelines before participating in a telework program.

By December 1 of each year, each unit of State government, or the principal department in which the unit is located, must report to the General Assembly on the number of eligible and participating employees in its telework program.

Local Governments

Each governing body of a county or municipality, or the governing body's designee, must establish a countywide or municipality-wide telework program and adopt related policies and guidelines. The head of a local government entity may designate the positions for which an employee would be eligible to telework. Each local government entity, in its discretion, may maximize the number of eligible employees participating in a telework program.

Current Law: Chapter 83 of 2013 requires the Secretary of Budget and Management to establish a telework program and adopt related policies and guidelines. The telework program, policies, and guidelines apply for all Executive Branch units of State government (including units with independent personnel systems). "Telework" means to work at a location other than a traditional office setting or an employee's usual and customary worksite, including the employee's home, a satellite office, and a telework center.

The head of an agency may designate the positions for which an employee would be eligible to telework (and may continue to do so under the bill). Each agency must have a goal of at least 15% of eligible employees participating in the telework program.

State Expenditures:

Office of Telework Assistance and Business Telework Assistance Grant Program

The fiscal 2022 budget includes \$5.0 million in federal funds from the American Recovery Plan for Commerce to provide grants to employers to facilitate telework; that funding is independent from, but consistent with, the purposes of this bill. Due to the availability of federal funding for awarding grants, this fiscal and policy note assumes that general funds are *not* needed for that purpose in fiscal 2022. Nevertheless, the bill establishes duties for Commerce beginning in fiscal 2022; Commerce cannot absorb the duties of OTA and administer the new grant program with its existing staff and resources.

Thus, general fund expenditures increase by \$168,435 in fiscal 2022. This estimate reflects the cost of hiring one program manager and one portfolio manager to run OTA and administer the grant program (grants awarded in fiscal 2022 are funded with the federal monies). To the extent these staff can be paid for with federal funds in fiscal 2022, general fund expenditures are mitigated. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses. It assumes that staff begin working on July 1, 2021, to develop the telework guidelines and best practices by October 1, 2021, as required by the bill.

Positions	2.0
Salaries and Fringe Benefits	\$156,945
Other Operating Expenses	<u>11,490</u>
Total FY 2022 General Fund Expenditures	\$168,435

In accordance with the bill’s mandated appropriation, general fund expenditures for Commerce increase by \$1.0 million annually beginning in fiscal 2023 for the Business Telework Assistance Grant Program. This estimate assumes that the mandated funding can be used for ongoing administrative costs, and it reflects salaries with annual increases, employee turnover, other operating expenses, and residual funding (of approximately \$850,000 or less each year) being used for ongoing grant awards. To the extent the intent of the bill is that the entire \$1.0 million be used for grants, general fund expenditures increase further for the administrative staffing costs.

State Telework Programs

In accordance with Chapter 83, the Executive Branch of State government already has a robust telework program, and the Legislative and Judicial branches of State government, at their own initiative, each have a telework program with similar policies and guidelines. DoIT and units of State government can consult to modify the programs as necessary and appropriate under the bill using existing resources. DoIT has already created telework

support documents for State agencies, including contact information if there are questions, on its [website](#).

Since the bill requires each telework program to maximize the number of eligible employees participating “to the extent practicable,” it is assumed that any program implemented or modified under the bill can be done so either with existing resources or with minimal reallocation of existing resources. Consequently, State entities that do not currently have a telework program and implement one under the bill are likely to experience administrative efficiencies and may experience cost savings related to, among other things, office space and energy use.

Local Expenditures: Since the bill specifies that each local government entity, in its discretion, may maximize the number of eligible employees participating in a telework program, it is assumed that any program implemented under the bill can be done so either with existing resources or with minimal reallocation of existing resources. Consequently, a local government entity that implements a telework program under the bill is likely to experience administrative efficiencies and may experience cost savings related to office space and energy use.

Many of the counties that responded to a request for information for the bill advise that they already have a telework program that meets the bill’s requirements.

Small Business Effect: Small businesses may benefit significantly from grants provided by Commerce under the bill. As noted above, entities that implement a telework program, including small businesses, are likely to experience administrative efficiencies and may experience cost savings related to office space and energy use.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 710 (Senator King) - Finance.

Information Source(s): Department of Information Technology; Baltimore City; Kent, Montgomery, and Worcester counties; Maryland Association of Counties; Maryland Municipal League; Judiciary (Administrative Office of the Courts); University System of Maryland; Department of Budget and Management; Maryland Department of Transportation; Comptroller’s Office; Department of Legislative Services

Fiscal Note History:
an/mcr

First Reader - January 25, 2021

Third Reader - March 22, 2021

Revised - Amendment(s) - March 22, 2021

Revised - Budget Information - May 27, 2021

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