

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 819

(Delegate Rogers, *et al.*)

Economic Matters and Appropriations

Budget and Taxation

**State Finance – Catastrophic Event Account and Federal Government Shutdown
Employee Assistance Loan Fund – Noncivilian Federal Employees**

This bill expands the purposes of the Catastrophic Event Account and the Federal Government Shutdown Employee Assistance Loan Fund so that funds may be used to provide financial assistance to federal noncivilian employees, in addition to federal civilian employees as authorized under current law, in the event of a full or partial federal government shutdown due to a lapse in appropriations.

Fiscal Summary

State Effect: The bill primarily alters the purposes for which existing funds may be used. To the extent it requires administrative changes, the Department of Budget and Management (DBM) and the Maryland Department of Labor (MDL) can handle them with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Catastrophic Event Account

The Catastrophic Event Account, which is within the State Reserve Fund and administered by DBM, enables the State or a local government to respond quickly to a natural disaster

or catastrophe that could not be addressed within existing State appropriations. Chapters 1 and 2 of 2019, among other things, expanded the account so that it may be used for federal civilian employee hardship in the event of a full or partial federal government shutdown due to a lapse in federal appropriations.

Funds appropriated to the Catastrophic Event Account (1) may not be used to offset operating deficiencies in regular programs of State government but (2) as noted above, may be expended to assist a unit of State or local government in funding costs in connection with a natural disaster, a catastrophic situation, or a full or partial federal government shutdown due to a lapse in appropriations.

The Catastrophic Event Account consists of direct appropriations in the budget bill. Investment earnings are credited to the Revenue Stabilization Account (Rainy Day Fund). The fiscal 2025 budget as introduced includes a \$10.0 million fiscal 2024 deficiency appropriation to the account but no new appropriation in fiscal 2025. The account is projected to have a balance of \$19.4 million at the end of fiscal 2024.

Federal Government Shutdown Employee Assistance Loan Fund

The Federal Government Shutdown Employee Assistance Loan Fund, administered by MDL, must only be used to provide no-interest loans to civilian federal employees who are (1) required to report to work at a work site located in the State and (2) not being paid because of a full or partial federal government shutdown due to a lapse in appropriations.

MDL must establish procedures and eligibility criteria for loans from the fund, as specified, such as repayment timelines. In addition to funds appropriated in the State budget and other sources, the fund consists of (1) money transferred from the Catastrophic Event Account and (2) repayments on loans made from the fund.

The State Treasurer's Office reports that the Federal Government Shutdown Employee Assistance Loan Fund has an approximate average daily balance of \$375,000 and had interest earnings of approximately \$1,365 for December, 2023.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 628 (Senator Gile, *et al.*) - Budget and Taxation.

Information Source(s): Maryland State Treasurer's Office; Department of Budget and Management; Maryland Department of Labor; Department of Legislative Services

Fiscal Note History: First Reader - February 5, 2024
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