



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
Kelly M. Schulz | Secretary of Commerce

DATE: April 6, 2021
COMMITTEE: Senate Finance
BILL NO: House Bill 73
BILL TITLE: State and Local Government and Private Employers - Teleworking
POSITION: OPPOSE as amended

The Maryland Department of Commerce opposes the part of House Bill 73 – State and Local Government and Private Employers – Teleworking that establishes an Office of Telework Assistance in the Department of Commerce. We understand this bill has gone through significant debate in the House and a series of proposed amendments. While we support the industry trends of remote work, the Department feels it is an inappropriate role and function to advise on and develop best practices for what is essentially a Human Resource, Organizational Development and Employee/Employer Relations function. Commerce has no opinion on other aspects of the bill.

Since HB 73 passed the House, Supplemental Budget #5 was introduced and acted on by the General Assembly as part of the overall budget adoption. Five million dollars were included in the FY22 budget for Commerce to make grants to businesses for teleworking which makes the mandated funded language in this bill unnecessary. As with other pandemic relief funds, Commerce will deploy these funds to counties for their distribution directly to small businesses in their communities.

Bill Summary:

House Bill 73, as amended, establishes teleworking policies and programs for state government entities and local governments. The bill also establishes an Office of Telework Assistance in the Department of Commerce as well as a business telework assistance grant program. The Office would establish and promote best practices in telework policies, and administer a grant program to assist businesses with implementing telework policies.

Rationale:

The Department of Commerce applauds the idea of promoting remote work options for positions, functions and industries where this makes sense.

In the 21st century, remote working for a number of employers, particularly government agencies and private sector businesses operating in the professional services sectors has become more of the norm instead of the exception. Led by the big consulting firms in the 1990s, who had most if not all their analysts and consultants working “remotely” or embedded with a client, industry has witnessed the growth in the remote work force for some time. With the cultural demands of new generations of workers seeking work life balance as well as technological

innovations that easily establish networks, file sharing and the reduced costs of technology infrastructure and equipment more and more employers are embracing remote work or teleworking. For many this is a new business paradigm that will lead to competitiveness, retaining valuable employees and ultimately cost savings and higher revenues as turnover is reduced and productivity increases. Businesses that make these investments see this as a necessary cost of doing business that ultimately has both quantitative and qualitative rewards.

Moving to teleworking is a no brainer and can be accomplished following accepted industry trends and practices. If this model works for a business's bottom line, they will make the investment, establish the policies according to "industry" standards and best practices. In a tight labor market, no employer wants to lose a valuable employee. And if the option to telework is on the table, more often than not an employer embraces that benefit.

Organizational Issues:

Effective telework policies need to address a broad range of workplace and technology issues including labor laws, conflict resolution, internal communications, software applications, and cybersecurity policies and protections. These are all complex issues that require specialized expertise. There are organizations and consultants such as the Society for Human Resource Management (SHRM) that provide expert consulting on issues impacting today's evolving workplaces. Currently Commerce does not have expertise in these organizational development and workplace policies. The Department is ill equipped to carry out the intent of this amended bill. Commerce would have to hire staff in establishing the office and will have to hire/engage consultants with the proper HR and industry expertise likely costing more than the \$1 million grant program. Like the rest of State government, Commerce has instituted department-wide teleworking during the pandemic under the guidance of the Department of Budget and Management which has had a long standing program for teleworking for State employees.

It is not appropriate for Commerce to be involved in employer/employee relations. This function dramatically changes the role of Commerce from its focus and mission of attracting, retaining and creating business in the State to prescribing business practices to be followed. Moreover, telework policies need to be tailored to the specific type of business, and a telework policy developed for one type of business might not work for another.

For the reasons stated above, the Maryland Department of Commerce opposes House Bill 73 and request hat the language establishing an Office of Telework in Commerce and a Business Telework Assistance Grant Program be removed from the bill.