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## **HOUSE BILL 496 Commission on the Establishment of a Family and Medical Leave Insurance Program (Valderrama)**

### **STATEMENT OF INFORMATION**

**DATE: March 29, 2022**

**COMMITTEE: Senate Finance**

**SUMMARY OF BILL:.** HB 496, as amended, establishes a 14-member Commission to study and make recommendation for establishing a Family and Medical Leave Insurance Program (FMLI); directs the Commission to consider how other states have established FMLI programs and the results from an actuarial analysis regarding sustainable funding levels; requires the Commission to reports its findings and recommendations by December 1, 2022; expresses legislative intent that \$25 million be set aside in the FY 2023 Budget to support the work of the Commission and to support the Department of Labor to prepare for the implementation of a FMLI; expresses legislative intent that the statutory framework establishing a FMLI Program shall be effective not later than June 1, 2023, include the findings and recommendations of the Commission, enable benefits to be paid by June 1, 2024, and require an employer/employee cost share in the tax. Effective date of June 1, 2022.

**EXPLANATION:** The Department's Office of Personnel Services and Benefits is charged with administering the Statewide Personnel System for executive branch agencies, with the exception of the Department of Transportation (MDOT) and University of Maryland System (UMS). State employees have historically been recognized as enjoying an extremely robust leave package, which makes a FMLI Program redundant.

State employees are currently protected under FMLA and enjoy significant amounts of leave that are not typically provided in the private marketplace. Therefore, the State is currently focused on providing competitive salaries and enhancing its telework policy, both of which are important to employees. To this end, the FY 2023 Budget allocates \$820 million for salary enhancements.

That being said, the sustainability of any FMLI Program needs to be carefully evaluated and examined by an actuarial analysis, which is the charge of the Commission. Further, there is sufficient evidence from the experience of other states' that there are implementation and solvency challenges with FMLI programs that need to be avoided.

DBM cautions against any rush to implementation without a thorough analysis and before Program details are determined. Imposing a **new billion dollar statewide wage tax** on Maryland employers and employees is significant during a normal economy. Imposing a wage tax during a period of critical workforce shortages, record inflation, and a global health pandemic, as well as the uncertainty associated with a war in Ukraine and a newly-elected Administration is risky and deserves the scrutiny that a Commission can provide.

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### **Current Paid Leave for State Employees**

- *Annual Leave* - 10 to 25 days annually, dependent upon seniority. Leave can carry over from year to year up to a maximum of 75 days. Can be used for any purpose.
- *Personal Leave* - 6 days annually (7 during a Leap Year). Can be used for any purpose.
- *Compensatory Leave* - earned by employees who do not receive overtime payments. Can be used for any purpose.
- *Sick Leave* - 15 days annually. Can be used for an illness/disability or medical appointment of the employee or a member of the employee's immediate family. Leave can carry over from year to year with no limit.
- *Parental Leave* - Up to 60 days of leave to care for a newborn child, but must first exhaust available annual or personal leave. State employees who are jointly responsible for the child may each be eligible for the 60 days of leave.
- *COVID Leave* - 10 days annually.
- *Leave Bank* - State employees may donate annual, personal and/or sick leave to other employees who have a serious and prolonged medical condition and who have exhausted all their leave.
- *Leave Donation Program* - State employees may donate annual, personal and/or sick leave to other employees who have a serious and prolonged medical condition and who have exhausted all of their leave.
- *Accident Leave & Temporary Total Disability (TTD)* - Paid leave granted to an employee as a result of a work-related accident. The leave is paid at  $\frac{2}{3}$  the employee's normal pay. Accident leave may be extended up to a year, after which the employee may continue to be paid  $\frac{2}{3}$  under TTD.
- *Holiday Leave* - 12 holidays annually (13 during an election year).

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