



**LEGISLATIVE POSITION:**

**Unfavorable**

**Family and Medical Leave Insurance Program - Modifications**

**House Bill 571**

**Economic Matters Committee**

**Wednesday, February 14, 2024**

Dear Chairman Wilson and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce (Maryland Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

HB 571 makes several modifications to the Maryland FAML I program. Some modifications are advantageous to employers like changing the wage reporting requirements from weekly to quarterly and changing the definition of wages to mirror the definition outlined in the unemployment insurance program. However, other changes raise concerns not necessarily of an immediate nature but items that could be problematic in the future. Those concerns are:

**1. MDDOL is giving themselves the authority to issue grants.**

While grant issuing authority itself is not concerning, businesses are wary that these grants are funded using employer/employee contributions. With such an emphasis on the solvency of the FAML I fund as the program gets propped up, it seems inappropriate to allow MDDOL to give out blanket, uncapped grants without a stated purpose until financial solvency is established.

**2. MDDOL is removing the ability for an employer to meet the benefit provisions outside of the state plan through a combination of commercial and self-insured coverage.**

Employers must be given every opportunity to find the best and most affordable avenue to offer FAML I benefits. Some employers will choose the state plan, others will choose self-insurance or coverage purchased in the private market. In some cases, a combination of self-insurance and private coverage may make the most sense. Removing the ability to combine multiple plans reduces employer options and may be unnecessarily costly.

**3. MDDOL is giving themselves authority to file written complaints if they believe an employer has violated the requirements of the FAML I law.**

Like the grant issuing authority mentioned above, MDDOL having the ability to file written complaints is not itself concerning. However, in cases where MDDOL would file written complaints, the entire adjudication process would be under one roof, providing no outside oversight to ensure a fair process. In those cases, MDDOL would file a complaint, investigate the complaint themselves and then decide and carry-out any enforcement action they determined.

The Maryland Chamber looks forward to continuing our conversation with MDDOL on these important areas of concern on HB 571.

