HOUSE APPROPRIATIONS COMMITTEE
House Bill 1503
State Personnel - Paid Family and Medical Leave
March 12, 2025
Information

Chair Barnes, Vice Chair Chang, and members of the committee thank you for the opportunity to testify on House Bill 1503. The University System of Maryland (USM) is an independent unit of State Government with an independent personnel system, which is governed and managed by the USM Board of Regents (BOR).

The USM is comprised of twelve distinguished institutions, and three regional centers. We award eight out of every ten bachelor's degrees in the State. Each of USM's 12 institutions has a distinct and unique approach to the mission of educating students and promoting the economic, intellectual, and cultural growth of its surrounding community. These institutions are located throughout the state, from western Maryland to the Eastern Shore, with the flagship campus in the Washington suburbs. The USM includes three Historically Black Institutions, comprehensive institutions and research universities, and the country's largest public online institution.

House Bill 1503 establishes fully paid Family and Medical Leave (PFML) for all employees, including temporary employees, of all Executive Branch units, **including units with an independent personnel system**. The provision of PFML will be in accordance with regulations to be adopted by the Secretary of Budget and Management.

USM employees are not covered by regulations and personnel policies covering State Personnel Management System (SPMS) employees, issued under the authority of the Secretary of Budget and Management. Instead, USM employees are covered by distinct human resources policies, procedures, and guidelines approved by the BOR and implemented by the USM Chancellor, as well as those implemented by the Presidents of constituent USM institutions. HB1503 does not appear to sufficiently reflect the full statutory authority of the BOR to govern and manage its affairs.

Fiscal Impacts

HB1503 appears to be a substitute for the State's Family and Medical Leave Insurance Program (FAMLI) established by the Time to Care Act of 2022, which has not yet been implemented. Without clear language establishing PFML in lieu of FAMLI, employers would be subject to both laws, creating significant administrative challenges while compounding costs. Under FAMLI, employers can implement an equivalent private insurance program (EPIP) if it can be demonstrated that their benefits are at least equivalent to FAMLI. In comparing HB1503 to FAMLI, there are several important distinctions to note:

- Partial vs. Full Wage Replacement – FAMLI provides partial wage replacement of up to $1,000 per week when an employee takes leave for a qualifying reason. HB1503 provides fully paid leave for the same qualifying reasons. At full pay, there will be significantly higher utilization of the benefit likely creating operational challenges and broader fiscal impacts.

- Required contributions – FAMLI requires employer and employee contributions, which are established as a percentage of an employee's wages up to the social security wage base. The initial rate has been set at .9, split 50-50 between the employer (in the form of a new payroll tax) and employee (through payroll deduction), beginning on July 1, 2025. Required contributions will seed the fund that pays FAMLI benefits for one year with benefits available on July 1, 2026. HB1503 does not require contributions as an offset to costs; it appears that a unit with a large independent personnel system will have to bear the full costs associated with providing paid PFML to regular and non-regular employees.

- Qualifying threshold – To be eligible for FAMLI benefits, and employee must have worked at least 680 hours over the four most recent calendar quarters. HB1503 requires no minimum number of hours worked, or service time requirement.

- Both provide absolute restoration rights to the same or an equivalent position when the period of leave ends. Notably, the USM has significant populations of non-regular faculty, staff, and student workers who are appointed on fixed-duration contracts. It is not clear how restoration rights are to be addressed for these populations.

Again, thank you for the opportunity to offer these comments on House Bill 1503. We look forward to working with the sponsor to address these very serious concerns, including making clear that PFML is being established in lieu of FAMLI for the USM and its constituent institutions, and revisions recognizing and establishing the authority of the Board of Regents over such leave for USM employees.