

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 477
Finance

(The President, *et al.*) (By Request - Administration)

Appropriations

Time to Serve Act of 2024

This Administration bill increases, from 15 days to 30 days, the amount of disaster service leave that an Executive Branch employee may use in any 12-month period after obtaining approval from the employee's appointing authority. Additionally, the bill increases, from 15 days to 30 days, the amount of paid leave that the Secretary of Budget and Management may provide by regulation for uniformed services training or active uniformed services duty in a reserve unit of the armed forces or in the organized militia. **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: Overall, the bill is not anticipated to materially affect State operations or finances; however, in limited circumstances, agency expenditures may increase minimally to provide coverage for employees on leave, as discussed below.

Local Effect: The bill does not directly affect local government operations or finances.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law:

Disaster Service Leave

On request, a State employee in the Executive, Judicial, and Legislative branches, including temporary employees, may be entitled to disaster service leave with pay if (1) the employee is certified by the American Red Cross as a disaster service volunteer and the American Red Cross requests the services of the employee during certain disasters or (2) the employee is a member of the Civil Air Patrol, U.S. Coast Guard Auxiliary, Maryland voluntary organizations active in a disaster, a volunteer emergency medical services department, a volunteer fire department, a volunteer rescue company or volunteer rescue squad, or a community emergency response team.

An employee may use up to 15 days of disaster service leave in any 12-month period after obtaining approval from the employee's appointing authority. During a prolonged or recurrent disaster, and if doing so would be in the best interest of the State, an employee's appointing authority may (1) waive the eligibility requirements for disaster service leave, including the requirement that the employee obtain approval before using the leave and (2) increase the number of days of disaster service leave that an employee may use.

For purposes of workers' compensation and the Maryland Tort Claims Act, an employee on disaster service leave is not considered a State employee.

Uniformed Services Administrative Leave

The Secretary of Budget and Management may provide, by regulation, for leave with pay for up to 15 days for uniformed services training or active uniformed services duty in a reserve unit of the armed forces or in the organized militia.

For all State employees, uniformed services administrative leave may be provided to an employee who is activated for uniformed services duty. Such an employee is entitled to leave in an amount sufficient to compensate the employee, during each pay period for which the employee is eligible to receive the uniformed services administrative leave, for the difference between the employee's active-duty base salary and the employee's State base salary or direct wages. This compensation may not exceed an employee's State base salary or direct wages. An employee eligible to receive uniformed services administrative leave who is activated must elect to use either uniformed services administrative leave or the paid leave provided in regulation by the Secretary of Budget and Management for uniformed services training or active uniformed services duty.

Pension Credit for Military Service That Interrupts Employment

In general, a member of a State or local retirement or pension system must receive service credit for a period of absence from employment while in military service if (1) the member returns to active employment and (2) membership in a State or local retirement or pension system is a requirement of employment. Service credit awarded for an absence due to military service cannot exceed five years. For a member of a State system, the service credit applies to the individual's retirement allowance using the accrual rate in effect at the time the individual retires.

In addition, a member of the Maryland National Guard or of a reserve component of the Armed Forces who has been activated for duty or who is on inactive duty for training that interrupts the member's State service receives service credit at the rate of 4 months for each full year of military service, not to exceed 36 months.

Background: The Department of Budget and Management (DBM) notes that the use of disaster service leave by State employees to date has been minimal and variable, and dependent on the frequency of qualifying events. From calendar 2017 through 2021, 95 employees in the State Personnel Management System used disaster leave for a total of 404 hours, with the highest usage being in calendar 2021, with 31 employees using disaster leave that year.

DBM also advises that 184 employees recorded military leave in Workday (a benefits and time-tracking system) in fiscal 2023 totaling 18,229 hours of military leave (military leave became uniformed services leave in fiscal 2024). On average, these employees used 99 hours of the 120 hours of available military leave.

State Expenditures: Expanding the State's uniformed services leave policy and disaster service leave policy does not directly affect State expenditures for most State agencies, since regular employee salaries are already budgeted. Additionally, State agencies do not generally hire temporary employees when employees are on leave.

However, in limited circumstances, an affected agency may incur overtime costs for necessary coverage or realize a loss in productivity. DBM notes the Maryland State Police and the Department of Public Safety and Correctional Services are likely to experience an increase in overtime costs based on uniformed services leave usage in fiscal 2023. Even so, any such cost, if realized, can likely be covered with agencies' existing resources.

Additionally, the bill may increase the amount of service credit awarded to members of the State Retirement and Pension System whose employment is interrupted by uniformed service, but it is not expected to have a discernible effect on State pension liabilities or contribution rates.

Additional Information

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

Designated Cross File: HB 580 (The Speaker, *et al.*) (By Request - Administration) - Appropriations.

Information Source(s): Maryland State Treasurer's Office; Judiciary (Administrative Office of the Courts); University System of Maryland; Morgan State University; Department of Budget and Management; Maryland Department of Transportation; Maryland Department of Emergency Management; Military Department; Department of Legislative Services

Fiscal Note History: First Reader - February 9, 2024
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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Time to Serve Act of 2024

BILL NUMBER: SB 477

PREPARED BY: June Chung

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The Time To Serve Act expands military leave for State employees in the National Guard and military reserves by increasing military leave to 30 days. In addition, all State employees will receive 30 days of disaster service leave. The legislation has no impact on small businesses.