

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 854
Economic Matters

(Delegate Healey, *et al.*)

Units of State Government - Award of Grants to Counties - Requirement of Paid Sick Leave

This bill establishes that, if a unit of State government awards a grant to a county that provides funding for an employee position, the terms of the grant must require the county to provide the employee paid sick leave that, at a minimum, accrues at a rate of 4 hours per month for a total of 48 hours per year.

Fiscal Summary

State Effect: State agencies can add provisions to grant agreements with existing resources. Revenues are not affected.

Local Effect: Expenditures increase in counties that do not provide State grant-funded workers paid sick leave, in most cases to do so for part-time or temporary employees; any such impact is likely minimal. Revenues are not affected.

Small Business Effect: None.

Analysis

Current Law: Maryland law does not require local government employers to provide employees with paid or unpaid sick leave.

State employees in both the State Personnel Management System and the Maryland Department of Transportation Human Resources System currently accrue paid sick leave at the rate of 1.5 hours for every 26 hours worked in nonovertime status. Employees earn

a maximum of 15 days or 120 hours of sick leave each year. Employees may use paid sick leave for the following:

- for illness or disability of the employee;
- for death, illness, or disability of the employee's immediate family member;
- following the birth of the employee's child;
- when a child is placed with the employee for adoption; or
- for a medical appointment of the employee or the employee's immediate family member.

Federal Family and Medical Leave Act of 1993

The Federal Family and Medical Leave Act of 1993 (FMLA) requires covered employers to provide eligible employees with up to 12 work weeks of unpaid leave during any 12-month period under the following conditions:

- the birth and care of an employee's newborn child;
- the adoption or placement of a child with an employee for foster care;
- to care for an immediate family member (spouse, child, or parent) with a serious health condition;
- medical leave when the employee is unable to work due to a serious health condition; or
- any qualifying circumstance arising out of the fact that the employee's spouse, son, daughter, or parent is a covered military member on "covered active duty."

Generally, an FMLA-covered employer is an entity engaged in commerce that employs at least 50 employees. Public agencies and public or private elementary or secondary schools are considered to be covered employers, regardless of the number of individuals they employ.

An eligible employee is an individual employed by a covered employer who has been employed for at least 12 months; however, these may be nonconsecutive months. Among other criteria, the individual must have been employed for at least 1,250 hours of service during the 12-month period immediately preceding the leave.

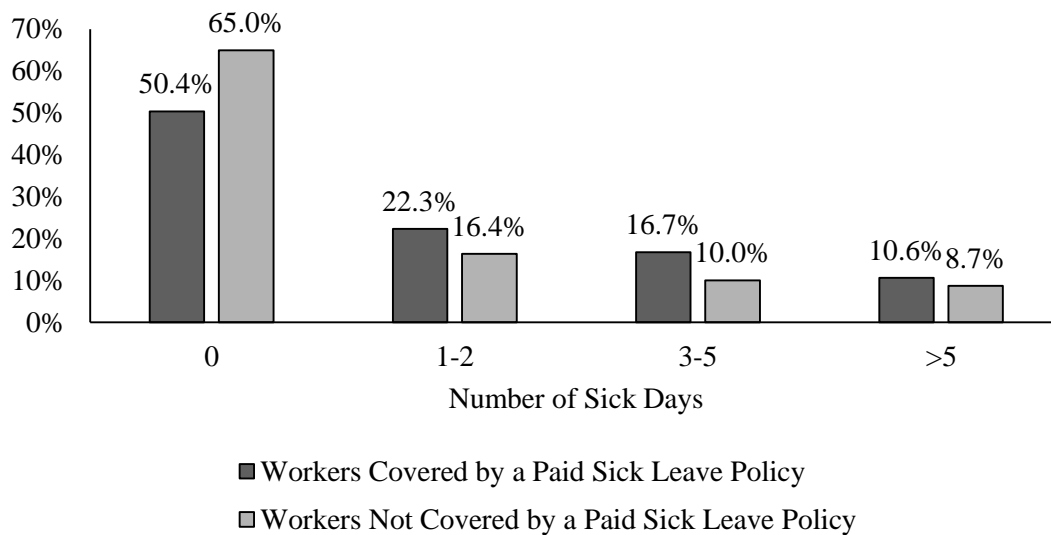
Background: Montgomery County enacted paid sick leave legislation in June 2015 (Montgomery County Bill 60-14), which generally requires employers in the county to provide 1 hour of earned sick and safe leave for every 30 hours an employee works in the county, up to 56 hours in a calendar year. An employer with five or more employees must provide paid leave, while an employer with fewer than five employees must provide

32 hours of paid leave and 24 hours of unpaid leave in a year. A person who regularly works in Montgomery County more than 8 hours each week, including a domestic worker, for an employer that employs one or more persons in the county, in addition to the owners, is covered. An employer includes the county government but not the federal, State, or any other local government. The law does not cover an independent contractor or a person who does not have a regular work schedule.

According to the U.S. Bureau of Labor Statistics, in Maryland's region (South Atlantic) in 2016, 61% of workers in private-industry businesses have paid sick leave, while 92% of workers in state and local governments have paid sick leave.

Based on the 2015 National Health Interview Survey, approximately half of all workers who are covered by paid sick leave plans do not take any days off for illness or injury in a given year (not including maternity leave) while approximately 65% of workers who are not covered by paid sick leave plans do not take any days off for illness or injury. **Exhibit 1** shows the percentage of workers who miss work at a job due to illness or injury by whether the worker has access to paid sick leave. Employees, on average, took 3.5 days off work for an illness or injury. Based on a sample of the survey respondents that the Department of Legislative Services analyzed, the average number of sick days employees with a paid sick leave policy took is not statistically significantly different from the average number of sick days employees took without a paid sick leave policy.

Exhibit 1
Percentage of Workers that Take Sick Days



Source: 2015 National Health Interview Survey; Department of Legislative Services

Local Expenditures: While counties provide paid sick leave to full-time employees, not all counties provide the paid sick leave required by this bill to all of their State grant-funded staff. The Maryland Association of Counties advises that many, if not all, counties have grant-funded employees, and for these employees, the grant's terms normally establish employee benefits, such as paid time off and paid sick leave. Thus, the bill has no fiscal impact on some counties, such as Garrett and Montgomery counties, that already provide paid sick leave as required by the bill.

However, to the extent that counties do not provide State grant-funded workers paid sick leave, these counties likely incur increases in expenditures. For example, Baltimore County employees who work between 10 to 17 hours per week earn 2.33 hours of paid sick leave per month, instead of the required 4 hours per month under the bill, and employees who work less than 10 hours do not earn paid sick leave, so Baltimore County estimates six grant-funded employees do not earn leave as required by the bill. Dorchester County estimates a potential increase in costs to provide paid sick leave. The actual increase depends on how many additional hours of paid sick leave grant-funded county employees' use.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Baltimore, Dorchester, Garrett, and Montgomery counties; Maryland Association of Counties; Department of Budget and Management; Department of Labor, Licensing, and Regulation; U.S. Bureau of Labor Statistics; National Health Interview Survey; Department of Legislative Services

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Analysis by: Heather N. Ruby

Direct Inquiries to:
(410) 946-5510
(301) 970-5510