Senate Bill 485

Family and Medical Leave Insurance Program - Modifications

MACo Position: **SUPPORT WITH AMENDMENTS**

To: Finance Committee

Date: February 16, 2024

From: Brianna January

The Maryland Association of Counties (MACo) **SUPPORTS** SB 485 **WITH AMENDMENTS**. This bill modifies and alters certain aspects of the Family and Medical Leave Insurance (FAMLI) Program, passed in 2022. Counties, as major employers in Maryland, support the efforts of the bill to adjust the timeline of the FAMLI Program to ensure the State and employers are in the best position to implement and manage the benefit. **However, counties are concerned with language in the bill to authorize the Maryland Department of Labor to collect fees on employers who do not participate in the State Plan and instead offer the FAMLI benefit via an Equivalent Private Insurance Plan (EPIP).**

MACo commends the General Assembly for crafting the FAMLI law to grant employers the flexibility to choose the path best suited for their individual needs in fulfilling the law's requirements of providing paid family and medical leave. In doing so, employers are given three options to manage benefits: participate in the State Plan, seek approval for an EPIP to self-insure, or seek approval for an EPIP to contract with a third party. This appropriately allows each employer to implement FAMLI benefits in the manner most appropriate for its unique circumstances and capabilities.

SB 485 authorizes the Department to adopt regulations to establish and collect fees from employers who do not participate in the State Plan and instead use an EPIP. Counties feel that charging fees to EPIP employers is essentially applying a financial punishment, in the form of a cross-subsidy, on those employers for simply following the law and implementing the benefit in a manner consistent with the General Assembly's intention to grant employers implementation flexibility in managing the newly mandated FAMLI benefits.

Additionally, as drafted, SB 485 does not clarify the amount, scope, or regularity of proposed fees, leaving it up to the Department to determine in regulations. This gives counties pause as they assess the potential costs of implementing the FAMLI benefit and weigh their options for benefits management. **With those considerations, counties respectfully seek an amendment to strike the fees clause on page 7 of the bill (§8.3–705, (a) (3)).**

As such, MACo urges a **FAVORABLE WITH AMENDMENTS** report on SB 485, to make administrative adjustments to the program, but without open-ended fee authority.