

MARYLAND GENERAL ASSEMBLY
LEGISLATIVE POLICY COMMITTEE

December 15, 2015
10:00 a.m.
Joint Hearing Room, Legislative Services Building

Agenda

Part I: Maryland Program Evaluation Act (Sunset Process)

The “Sunset Process” is defined by the statute as “the process by which the Legislative Policy Committee determines whether a governmental activity shall undergo an evaluation”. During the 2015 interim, the Department of Legislative Services (DLS) conducted two preliminary sunset evaluations: the Health Services Cost Review Commission and the Maryland Health Care Commission.

DLS also conducted a full evaluation of the State Board of Environmental Health Specialists. This evaluation will be presented to the Senate Education, Health and Environmental Affairs and House Health and Government Operations committees in January.

Six evaluations are required to be conducted during the 2016 interim:

1. Department of Health and Mental Hygiene
 - State Board of Morticians and Funeral Home Directors – **Full Evaluation**
 - State board of Physicians – **Full Evaluation**
 - State Board of Professional Counselors and Therapists – **Preliminary Evaluation**
2. Department of Labor, Licensing and Regulation
 - Elevator Safety Review Board - **Preliminary Evaluation**
3. Maryland Insurance Administration - **Preliminary Evaluation**

Part II: State Treasurer's Office - Report of the Treasurer

A written report to the Legislative Policy Committee by the Honorable Nancy K. Kopp, State Treasurer, on operations in the State Treasurer's Office during the last six months of 2015, pursuant to State Government Article § 5-104.

Part III: Legislative Staff Agency Budget

Consideration of the fiscal year 2017 budget for the Department of Legislative Services.

Part IV: *Maryland General Assembly Personnel Guidelines*, proposed revisions

Part I
Maryland Program Evaluation Act
(Sunset Process)

Department of Legislative Services
Annapolis, Maryland

December 2015

Department of Legislative Services: Summary of Sunset Review Activities

Update on Prior-year Sunset Activities, Legislative Action Required

- The preliminary evaluation of licensing and registration of security systems agencies and technicians conducted by the Department of Legislative Services (DLS) during the 2013 interim deferred a decision on whether a full evaluation should be conducted pending submission of a follow-up report by the Department of State Police (DSP), which carries out the licensing and registration function.
- DSP submitted the required report in a timely fashion and, based on the information it provided, DLS recommends waiving a full evaluation and reauthorizing the authority to license and register security systems agencies and technicians for five more years. Absent reauthorization during the 2016 legislative session, this regulatory authority will terminate July 1, 2016.
- DLS also recommends fee increases to help close the gap between revenue collected for the licensing and registration activity and the cost of providing that service.

Summary of Sunset Activities During the 2015 Interim

Preliminary Evaluations

- During the 2015 interim, DLS conducted preliminary sunset evaluations of the two health care regulatory commissions subject to review: the Health Services Cost Review Commission and the Maryland Health Care Commission.
- DLS found that both health care commissions function well to fulfill their statutory requirements and recommends that the commissions be waived from full evaluation at this time.
- However, DLS recommends that the Legislative Policy Committee require DLS to conduct a review of the missions and responsibilities of all *three*¹ health care regulatory commissions and assess how the responsibilities and roles of the three commissions could be better aligned.
- DLS further recommends that the decision on the next sunset evaluation dates for the commissions should be deferred, pending completion of that review (neither commission is subject to termination).

¹The three health care commissions are the Health Services Cost Review Commission, the Maryland Health Care Commission, and the Maryland Community Health Resources Commission. All three are independent commissions under the Department of Health and Mental Hygiene, but only two of the three are currently subject to sunset evaluation.

Full Evaluation

- DLS completed a direct full sunset evaluation of the State Board of Environmental Health Specialists, which will be presented to the Senate Education, Health, and Environmental Affairs and the House Health and Government Operations committees in January.
- DLS found that, while the board generally complies with its statutory mandate, as concluded in the 2011 sunset evaluation of the board, a State-administered licensing program remains unnecessary, provides limited value beyond alternative credentials, and should be repealed.
- Instead, DLS recommends that the State require environmental health specialists to obtain the Registered Environmental Health Specialist/Registered Sanitarian credential issued by the National Environmental Health Association as a condition of employment.

Evaluations to be Conducted in 2016

- Six evaluations are required to be conducted during the 2016 interim.
 - Under the Department of Health and Mental Hygiene, the State Board of Morticians and Funeral Directors and the State Board of Physicians are subject to direct full evaluations, while the State Board of Professional Counselors and Therapists is scheduled for a preliminary evaluation.
 - Under the Department of Labor, Licensing, and Regulation, the Elevator Safety Review Board and regulation of mold remediation services are scheduled for preliminary evaluations.
 - The Maryland Insurance Administration is also subject to a preliminary evaluation.

Preliminary Evaluation of the Health Services Cost Review Commission

Recommendations: **Waive from full evaluation**

Require the Department of Legislative Services to conduct a separate review of the missions and responsibilities of all three health regulatory commissions by December 1, 2016

Defer decision on extension of the commission's evaluation date pending receipt of the review

Date Established: 1971

Most Recent Prior Evaluation: Full evaluation, 2006

Extended evaluation date by 10 years to July 1, 2017
(enacted by Chapter 628 of 2007)

Composition: Seven members (four who may not have any connection with the management or policy of any hospital or related institution)

Staff: 35 full-time positions

Regulatory Activities: Sets hospital rates for all payers, including Medicare and Medicaid, at 55 hospitals

Authorizing Statute: Title 19, Subtitle 2, Health-General Article

Evaluation Completed by: Nathan McCurdy, Department of Legislative Services, 2015

Overview of Regulatory Activity

The Health Services Cost Review Commission (HSCRC) was established in 1971 to address escalating health care costs and increase the quality of health care through hospital rate regulation. HSCRC is an independent commission within the Department of Health and Mental Hygiene. HSCRC has set rates for all payers, including Medicare and Medicaid, since 1977 and has largely achieved the key policy objectives established by the legislature. In recent years, HSCRC has devoted considerable resources toward the development and implementation of payment-related initiatives designed to improve the overall quality of care in Maryland hospitals.

Legislative and Regulatory Changes Since the 2006 Sunset Evaluation

There have been a number of legislative and regulatory changes since the last sunset evaluation in 2006 (See **Appendices 1** and **2**). It should be noted, however, that the majority of regulatory changes were the direct result of implementing legislation. Due to significant changes in the landscape of health care over the last several years, primarily as a result of the passage of the federal Patient Protection and Affordable Care Act, many of the recommendations made as part of the 2006 review are either obsolete or were abrogated by subsequent changes to statute or regulations intended to implement federal health care reform in Maryland. The most significant legislative changes involved altering rates to reflect reductions in uncompensated care and the Medicaid deficit assessment and implementing the new Maryland All-payer Model Contract.

Maryland All-payer Model Contract

Effective January 1, 2014, Maryland and the federal Centers for Medicare & Medicaid Services (CMS) entered into a new initiative (the Maryland All-payer Model Contract) to modernize Maryland's all-payer, rate-setting system for hospital services. This initiative, which replaced Maryland's 36-year-old Medicare waiver, allows Maryland to adopt new policies aimed at reducing per capita hospital expenditures and improving patient health outcomes. Under the waiver, Maryland's success was based solely on the cumulative rate of growth in Medicare inpatient per admission costs. Under the model contract, however, the State will not only limit inpatient, outpatient, and Medicare per beneficiary hospital growth but also shift hospital revenues to a population-based system and reduce both hospital readmissions and potentially preventable complications.

Success of the new model contract will be determined by (1) limiting the annual growth in all-payer hospital per capita revenue for Maryland residents to 3.58%; (2) achieving aggregate Medicare savings of at least \$330 million over five years; (3) shifting at least 80% of hospital revenue to a population-based payment structure; (4) reducing the hospital readmission rate for Medicare beneficiaries to below the national rate over a five-year period; and (5) producing a cumulative 30% reduction in hospital-acquired conditions over five years. To date, Maryland continues to perform well and is on pace to meet or exceed these goals. (See **Appendix 3**).

Few Consumer Complaints Regarding Hospitals

While not one of its primary functions, HSCRC occasionally fields consumer complaints regarding hospitals, averaging 21 complaints per year over the last five fiscal years. (See **Appendix 4**). The volume of complaints received remains low. Few ultimately require action by HSCRC, and any such action is handled in a timely manner. When a complaint is received, HSCRC follows a protocol that includes (1) contacting the complainant; (2) analyzing the complaint to see if staff can resolve the problem without contacting the hospital for medical records or other data; (3) if necessary, contacting the hospital for relevant data; (4) determining whether the complaint is valid; and (5) if the complaint is valid, contacting the hospital for a correction. If the complaint is not valid, HSCRC contacts the complainant with the result of the commission's analysis and closes the complaint. HSCRC reports that hospitals' responses to inquiries (such as making appropriate adjustments) have been sufficient to address complaints.

Revenues and Expenditures

HSCRC is funded through the collection of user fees assessed on all hospitals (including private, psychiatric, and rehabilitation hospitals), with rates approved by the commission. Individual hospital and related institution assessments in fiscal 2015 ranged from \$8,182 (McCready Memorial Hospital) to \$1,077,343 (Johns Hopkins Hospital). (See **Appendix 5**). The total user fees assessed by the commission are capped by statute. This cap was last increased from \$7.0 million to \$12.0 million by Chapter 263 of 2014. Commission expenditures have doubled since fiscal 2011. The significant increase in direct costs incurred by HSCRC over the last two fiscal years is a direct result of contracts related to the implementation of the new model contract. HSCRC currently has 17 contracts in place or planned for fiscal 2016, totaling approximately \$5.0 million.

Use of Statewide Infrastructure

The statewide health information exchange, the Chesapeake Regional Information System for our Patients (CRISP), serves as a significant partner providing planning and start-up support for expanded information technology and analytic infrastructure, as well as support for implementation of care coordination and alignment activities.

Conclusion and Recommendations

Throughout this preliminary evaluation, the Department of Legislative Services (DLS) found that HSCRC functions well to fulfill its statutory requirements. The commission consistently implements legislative directives, promulgates regulations in a timely manner, and maintains positive relationships with regulated entities and other stakeholders. HSCRC has been, and continues to be, instrumental in controlling health care costs in the State. In the past two years, HSCRC has worked with stakeholders and federal partners to implement the new model contract, which represents a significant shift in the way that the health care system relates to public health and health care outcomes and builds on the roughly \$45 billion that the old waiver saved the State

over its 36-year history. In conducting this evaluation, DLS found that HSCRC remains focused on its legislative mandate.

However, the landscape of health policy in Maryland has changed significantly; under the All-payer Model Contract, Maryland is moving to a population-based approach that now impacts both hospitals and community providers. The activities of *all three* health care regulatory commissions (HSCRC, the Maryland Health Care Commission, and the Maryland Community Health Resources Commission), which each have varying policy and funding roles, may have overlapping responsibilities in light of these changes. As such, **DLS recommends that the Legislative Policy Committee (LPC) waive HSCRC from full evaluation at this time. DLS further recommends that LPC require DLS, by December 1, 2016, to conduct a review of the missions and responsibilities of all three health care regulatory commissions and make recommendations regarding how the responsibilities and roles of the commissions could be better aligned. This review should include recommendations regarding the relationship between State agencies and major health information technology efforts, such as CRISP. The decision on the length of time for which HSCRC's evaluation date should be extended should be deferred pending receipt of the review.**

Policy Issues for Consideration

Assessment Cap

Last raised in 2014, HSCRC's user fee cap is currently \$12.0 million. This amount is likely sufficient to cover expenditures within HSCRC's current scope of activity. **However, should HSCRC, in conjunction with CMS, attempt to expand the scope of the model contract, the user fee cap may need to be raised.**

Staffing

Throughout discussions with HSCRC staff, board members, and external stakeholders, staff succession was raised as an area of particular concern. Several staff members are near, at, or have exceeded retirement age, and efforts to secure qualified replacements have been unsuccessful. In particular, one associate director position has remained vacant for over a year, due to an inability to find a qualified applicant. The main issue cited for the difficulty finding qualified applicants was the pay scale. While HSCRC does have independent salary setting authority, the levels of compensation offered are significantly lower than what is available in the private sector. HSCRC is currently exploring other ways of filling these positions, including training an otherwise underqualified individual or dividing the position's responsibilities in such a way that suitable applicants can be found. **HSCRC should continue to explore innovative ways to meet its staffing needs, including reevaluating its current salary schedule.**

Appendix 1.

Major Legislative Changes Since the 2006 Sunset Evaluation

<u>Year</u>	<u>Chapter</u>	<u>Change</u>
2007	628	<p>Extends the evaluation date for the Health Services Cost Review Commission (HSCRC) by 10 years to July 1, 2017.</p> <p>Increases HSCRC's user fee cap from \$4.0 million to \$5.5 million.</p>
2008	245	Requires HSCRC to assess an amount in hospital rates to (1) reflect the aggregate reduction in hospital uncompensated care resulting from the expansion of Medicaid coverage under Chapter 7 of the 2007 special session and (2) operate and administer the Maryland Health Insurance Plan (MHIP).
2009	310	Requires HSCRC to require specified hospitals to develop a financial assistance policy for providing free and reduced-cost care to specified patients.
	689	Requires the Maryland Health Care Commission and HSCRC to designate a statewide health information exchange.
2010	505	Requires HSCRC to set rates for hospital services provided at freestanding medical facilities and payers to pay HSCRC rates for services provided at such facilities.
2011	397	<p>Requires HSCRC to approve a combination of additional hospital assessments and remittances in the amount of \$389.8 million to support the general operations of the Medicaid program in fiscal 2012.</p> <p>Requires HSCRC, for fiscal 2013 and thereafter, to adopt policies that continue to generate at least \$389.8 million annually in special fund revenues and/or general fund savings from reduced Medicaid hospital or other payments.</p> <p>Sets the assessment on hospitals used to capture averted uncompensated care to 1.25% of projected regulated net patient revenue.</p> <p>Requires HSCRC to report on the reduction in uncompensated care resulting from federal health care reform legislation.</p>
	582	Increases HSCRC's user fee cap from \$5.5 million to \$7.0 million.

<u>Year</u>	<u>Chapter</u>	<u>Change</u>
2014	263	<p>Alters State law governing HSCRC to comply with provisions of the Maryland All-payer Model Contract.</p> <p>Increases HSCRC's user fee cap from \$7.0 million to \$12.0 million.</p>
	464	<p>Requires the Governor to reduce the Medicaid deficit assessment by the full amount of the hospital savings that accrue to Medicaid as a result of the implementation of the All-payer Model Contract (and requires HSCRC to calculate the extent of such savings).</p> <p>Reduces the MHIP assessment from 1% of net patient revenue to 0.3%.</p> <p>For fiscal 2015 only, authorizes HSCRC to include an additional \$15.0 million in hospital revenue to support planning and implementation of the All-payer Model Contract.</p>
2015	489	<p>Requires HSCRC, from the recognition of additional hospital savings due to a decrease in uncompensated care, to adopt policies that generate general fund Medicaid savings of at least \$16.7 million in fiscal 2016.</p> <p>Authorizes MHIP surplus funds to be used in fiscal 2016 through 2019 to support integrated care networks for Medicare patients and dual-eligible patients, consistent with the goals of the all-payer model.</p> <p>Prohibits imposition of the MHIP assessment for fiscal 2016 only.</p>

Source: Laws of Maryland

Appendix 2.

Major Regulatory Changes Since the 2006 Sunset Evaluation

<u>Year</u>	<u>COMAR Citation</u>	<u>Major Changes</u>
2008	10.37.06..2-3	Expands the inpatient case mix discharge data set to include an additional 15 diagnosis codes and an additional 15 diagnosis-present-on-admission codes.
2010	10.37.10.26B(5)	Raises the income threshold for receiving free hospital care to patients with family incomes at or below 200% of the federal poverty level (FPL) and establishes a standard reduced cost care threshold between 200% and 300% FPL, unless the increase would yield undue financial hardship to a given hospital.
2011	10.37.07.01-.07	Enables the Health Services Cost Review Commission (HSCRC) to fully measure and compare hospital-specific performance on readmissions and to use the data to further enhance and strengthen the financial incentives linked with performance.
2012	10.37.10.07-1	Requires hospitals to file a request for a determination on the regulated or unregulated status of outpatient services at least 60 days before certain contemplated action.
2014	10.37.01.03	Requires hospitals to include revenue and utilization breakouts for out-of-state and Medicare patients in monthly reporting, effective January 1, 2014.
	10.37.04.01	Requires hospitals to submit monthly, patient-level outpatient visit data and enables HSCRC to fully monitor population-based metrics and approved revenue under population-based payment models.
	10.37.06.01	Requires hospitals to submit monthly patient-level inpatient discharge data and enables HSCRC to fully monitor population-based metrics and approved revenue under population-based payment models.
2015	10.37.01.13	Requires hospitals to submit to HSCRC all data required for evaluation purposes in compliance with the January 1, 2014 All-payer Model Contract.

Source: Code of Maryland Regulations, *Maryland Register*

Appendix 3.

Maryland's Initial Performance on the Requirements of the All-payer Model Contract as of October 2015

<u>Requirement</u>	<u>Initial Performance/Status</u>
Total Hospital Cost Growth: Limit annual growth in all-payer hospital per capita revenue for Maryland residents to 3.58% growth.	Per capita revenue for Maryland residents grew by 1.47% from calendar 2013 to 2014. Calendar 2015 growth through June 30 was up 2.28% over the same period in calendar 2014.
Medicare Total Hospital Cost Growth: Limit Medicare per beneficiary hospital cost growth to produce \$330.0 million in cumulative Medicare savings over five years beginning with an estimated \$49.5 million in savings in 2015.	HSCRC and CMS report that, in calendar 2014, Medicare's per capita hospital costs grew by 1.07% nationally, and decreased by 1.08% in Maryland, equivalent to a savings of \$116 million.
Population-based Revenue: Shift hospital reimbursement from a per case to a population-based system, with at least 80.0% of hospital revenues shifted to global budgeting over five years.	All hospitals are under either GBR or TPR agreements. Ninety-five percent of hospital revenue has been shifted to global budgets; the remaining 5.0% is excluded out-of-state revenue for five hospitals.
Reduction of Hospital Readmissions: Reduce the Medicare readmission rate to below the national average over five years.	Between calendar 2013 and 2014, the gap between the Maryland and the national all-cause readmission rate among Medicare patients decreased from 1.2% to 1.0%.
Reduction of Hospital-acquired Conditions: Achieve a cumulative reduction of potentially preventable complications of 30.0% over five years.	In June 2015, the all-payer risk-adjusted PPC rate was 0.83 per 1,000 compared with 1.29 per 1,000 in June 2013, a 35.66% reduction. HSCRC will continue to set annual improvement targets for hospitals to further reduce PPC.

CMS: Centers for Medicare & Medicaid Services
 GBR: global budget revenue
 HSCRC: Health Services Cost Review Commission

PPC: potentially preventable complications
 TPR: Total Patient Revenue

Source: Health Services Cost Review Commission; Department of Legislative Services

Appendix 4.
Number and Disposition of Complaints Received by the
Health Services Cost Review Commission
Fiscal 2011-2015

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Complaints Received	17	12	40	20	17
<i>Nature of Complaints</i>					
Hospital Charges ¹	17	12	38	20	15
Discounts	0	0	1	0	0
Coding	0	0	0	0	1
Coverage	0	0	0	0	1
Billing	0	0	1	0	0
<i>Disposition of Complaints</i>					
Hospital Bills Adjusted	1	2	6	6	1
No Further Action Taken	16	10	34	14	16

¹The commission notes that the majority of complaints regarding hospital charges concerned the magnitude of the charges, while the remainder questioned whether the services billed were actually received by the patient.

Source: Health Services Cost Review Commission

Appendix 5.
Financial History of the Health Services Cost Review Commission
Fiscal 2011-2016

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Beginning Balance	\$838,561	\$572,763	\$1,592,699	\$957,930	\$1,449,879	\$2,627,736
Revenues	4,743,823	6,331,979	5,351,676	7,016,529	9,685,460	8,550,000
Transfers to General Fund	(83,435)	0	0	0	0	0
Total Revenues Available	\$5,498,949	\$6,904,742	\$6,944,375	\$7,974,459	\$11,135,339	\$11,177,736
Direct Costs	\$4,500,706	\$4,839,239	\$5,476,900	\$5,978,174	\$7,888,386	\$9,667,766
Indirect Costs	425,480	472,804	509,545	546,406	619,217	637,351
Total Expenditures	\$4,926,186	\$5,312,043	\$5,986,445	\$6,524,580	\$8,507,603	\$10,305,117
Ending Balance	\$572,763	\$1,592,699	\$957,930	\$1,449,879	\$2,627,736	\$872,619
% of Total Expenditures	11.6%	30.0%	16.0%	22.2%	30.9%	8.5%

Note: Numbers may not sum to total due to rounding. Fiscal 2016 revenue estimates are based on fiscal 2011 through 2014 experience. Fiscal 2016 expenditures reflect current obligations and are subject to change.

Source: Health Services Cost Review Commission

Appendix 6.
Written Comments of the Health Services Cost Review Commission

State of Maryland
Department of Health and Mental Hygiene



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Chairman

Herbert S. Wong, Ph.D.
Vice-Chairman

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Memorandum

To: Jennifer Chasse and Nathan McCurdy

From: Donna Kinzer *DK*

RE: Comments on Draft Preliminary Sunset Evaluation of the HSCRC

Date: December 1, 2015

Thank you for the opportunity to comment on the Exposure Draft of the Preliminary Sunset Evaluation of the Health Services Cost Review Commission (HSCRC). Department of Legislative Services staff has conducted a thorough preliminary review and has done an excellent job in conveying the responsibilities and duties of the HSCRC as well as in summarizing the new All-Payer Model.

The HSCRC supports the DLS recommendation to waive the HSCRC from full evaluation. The All-Payer Model is a huge asset to the State in that it keeps per capita cost growth below the nation and below historical rates, improves quality for patients, restricts cost shifting among payers, involves stakeholders in the process including patients and family representatives, and provides that Medicare will pay its fair share of uncompensated care and underlying costs (which results in approximately \$1.8 billion of additional health care dollars coming into Maryland each year). As the All-Payer Model begins to extend its reaches beyond hospital services, the model becomes even more relevant in improving quality and reducing costs for all purchasers of health care. The success of the model will also depend on alignment among providers that the Commission do not regulate. Therefore, it is very important that the Department of Health and Mental Hygiene, the Maryland Health Care Commission (MHCC), Maryland Community Health Resources Commission (MCHRC), the HSCRC, various providers, patients, and other stakeholders work in concert with each other.

The Draft Preliminary Sunset recommends that the LPC “require DLS, by December 1, 2106, to conduct a review of the mission and responsibilities of all three health care regulatory commissions and make recommendations regarding how the roles and commissions could be better aligned.” Under the All-Payer Model, there is a requirement that the State submit to the Centers for Medicare and Medicaid Services (CMS) prior to the beginning of the fourth year of the existing model (by December 31, 2016) a proposal for a new model, which shall limit, at a minimum, the Medicare per beneficiary total cost of care growth rate. A new total cost of care model, if approved, would take effect no later than December 31, 2018.

Given the timing of the total cost of care model submission, HSCRC suggests that it would be best to conduct a review of the roles and responsibilities of the various commissions when it is clear what those new roles and responsibilities will be under a total cost of care model. While the HSCRC currently works closely with the MHCC and the MCHRC on many matters that intersect with our respective missions, there will likely be an even greater need for collaboration at this next stage of implementation. Therefore, the Commission recommends that such a review take place after a total cost of care model has been approved by CMS. The hope is that such an approval would take place by the end of 2017, but that date is unknown at this time.

The recommendation also focuses on a review of the various commissions' roles relating to health information technology, including CRISP. HSCRC and MHCC have been collaborating closely and functionally on matters pertaining to both the Health Information Exchange functions of CRISP and its role in care coordination, care transitions, and integrated care networks. This collaboration should and will continue.

Again, thank you for a well thought out and comprehensive preliminary review of the HSCRC. We look forward to working with you on any further reviews that might take place in the future.

Preliminary Evaluation of the Maryland Health Care Commission

Recommendations: **Waive from full evaluation**

Require the Department of Legislative Services to conduct a separate review of the missions and responsibilities of all three health regulatory commissions by December 1, 2016

Defer decision on extension of the commission’s evaluation date pending receipt of the review

Date Established: 1999

Most Recent Prior Evaluation: Full evaluation, 2006

Extended evaluation date by 10 years to July 1, 2017 (enacted by Chapter 627 of 2007); required follow-up report by October 1, 2007 (submitted)

Composition: 15 members (9 individuals who do not have any connection with the management or policy of a health care provider or payer, 2 physicians, 2 payers, 1 nursing home administrator, and 1 nonphysician health care practitioner)

Staff: 61.7 full-time positions

Regulatory Activities: State Health Plan; health care facilities planning and development (*e.g.*, Certificate of Need); oversight of cardiac surgery, cardiac catheterization, and percutaneous coronary intervention services; statewide health information exchange; certification of electronic health networks; All-Payer Claims Database; consumer publications; approval of ratings examiners to review physician rating systems

Authorizing Statute: Title 19, Subtitles 1, 1A, and 1B, Health-General Article

Evaluation Completed by: Jordan More, Department of Legislative Services, 2015

Overview of Regulatory Activity

The Maryland Health Care Commission (MHCC), formed by the 1999 merger of the Health Resources Planning Commission and the Health Care Access and Cost Commission, has the purpose of improving access to affordable health care; reporting information relevant to the availability, cost, and quality of health care statewide; and developing sets of benefits included in the Comprehensive Standard Health Benefit Plan. MHCC is an independent commission in the Department of Health and Mental Hygiene and is organized around four centers based on activity.

Center for Information Services and Analysis: This center is responsible for the major information technology (IT) needs of MHCC, from maintaining large databases such as the All-Payer Claims Database, to producing reports on health expenditures, health insurance, the uninsured, and uncompensated care. This center also focuses on physician services, including cost and quality, and provides for the basic IT needs of the commission, including the website and intranet.

Center for Quality Measurement and Reporting: This center focuses on providing information to consumers about the quality and outcomes of care provided in Maryland. The center publishes the *Hospital Guide*, *Nursing Home Guide*, *Health Maintenance Organization Consumer Guide*, and other reports on the quality of hospital and assisted living care, as well as reports on health disparities as part of the commission's racial and ethnic disparities initiative.

Center for Health Care Facilities Planning and Development: This center focuses on improving hospital care by developing and updating the State Health Plan, collecting information on health care facility service capacity and use, and administering the State's Certificate of Need, Certificate of Conformance, and Certificate of Ongoing Performance programs.

Center for Health Information Technology and Innovative Care Delivery: This center is responsible for the commission's health IT and advanced primary care initiatives, including the planning and implementation of the statewide health information exchange (HIE); promoting the adoption and optimal use of health IT, including electronic health records and other technologies; and harmonizing HIE efforts throughout the State. This center, along with the Center for Information Services and Analysis, also manages the Patient Centered Medical Home Pilot Program.

HIE, the Chesapeake Regional Information System for our Patients (CRISP), has made tremendous strides since its inception, including connecting all 47 acute care hospitals in Maryland and 6 of 8 hospitals in the District of Columbia to its clinical query portal and implementing the Encounter Notification Service, which generates real-time hospitalization notifications to primary care providers, care coordinators, and other responsible parties.

MHCC also manages both the Maryland Trauma Physician Services Fund, which allocated \$12.5 million in payments to eligible providers and administrative costs in fiscal 2014, and the subsidy for the University of Maryland Medical System's Shock Trauma Center from the Maryland Emergency Medical System Operations Fund.

Legislative Changes Since the 2006 Sunset Evaluation

Several legislative changes have been enacted relating to MHCC since the last full sunset evaluation in 2007, placing additional responsibilities on the commission. (See **Appendix 1**). Significant new duties include regulating the statewide HIE (also known as CRISP), establishing the Patient Centered Medical Home Pilot Program, conducting comparative evaluations of the quality of care and performance of categories of health benefit plans, implementing a new racial and ethnic disparities initiative, working with payers to establish certain benchmarks, and establishing the Health Care Provider-Carrier Workgroup.

Also notable is the continued use of MHCC as a center of study for various health policies. From 2007 through 2012, a new reporting requirement was placed upon MHCC each year. While most of these reports were of a one-time nature, these reporting requirements were in addition to MHCC's existing workload.

Revenues and Expenditures

MHCC is funded primarily by user fees assessed on health care payers, hospitals, nursing homes, and practitioners. By law, the maximum limit on user fees collected is \$12.0 million. However, commission expenditures have exceeded the fee cap since fiscal 2014. (See **Appendix 2**.) The two main drivers of cost growth within MHCC are personnel costs and the contractual services costs that come with developing and operating large IT projects. While the number of personnel at MHCC has actually decreased since the 2006 sunset evaluation, the commission has experienced the same growth in health insurance costs and pension obligations experienced by other State agencies. Furthermore, contractual expenses have drastically increased as new IT projects, such as the All-Payer Claims Database, have been developed. In order to not deplete its special fund balance, MHCC routinely holds down costs each year by delaying hiring and foregoing certain aspects of IT projects in order to realize savings. In fiscal 2015, approximately \$2.1 million of the special fund appropriation was cancelled at the end of the fiscal year due to such activities, and in fiscal 2016, MHCC expects to cancel approximately \$1.8 million of the special fund appropriation for a similar reason. Beyond these measures, MHCC notes that the commission has turned to two main alternative sources of funding: federal grants and indirect cost recovery or reimbursable funds from other State agencies. Federal grants allow MHCC to continue its mission without expending user fees or State-supported resources and have ranged between \$1.5 million and \$3.8 million per year since fiscal 2007.

The utilization of other special and reimbursable funds has also increased as MHCC has been more aggressive in requiring other State actors that utilize MHCC resources to subsequently pay for those resources. The largest sources of such funding are the Health Services Cost Review Commission (HSCRC), the Maryland Health Benefit Exchange, and the Maryland Trauma Physician Services Fund. However, even with these alternative resources, MHCC can no longer keep expenditures below the assessment cap, given the additional responsibilities it maintains.

Conclusion and Recommendations

Overall, MHCC continues to meet its performance metrics and provide the State with important policy guidance. The commission fulfills its statutory responsibilities in a timely manner and has continued to successfully implement new programs and policy directives of the General Assembly.

However, the landscape of health policy in Maryland has changed significantly under the all-payer model contract, moving to a population-based approach that now impacts both hospitals and community providers. The activities of *all three* health care regulatory commissions (MHCC, HSCRC, and the Maryland Community Health Resources Commission), which each have varying policy and funding roles, may have overlapping responsibilities in light of these changes. As such, **the Department of Legislative Services (DLS) recommends that the Legislative Policy Committee (LPC) waive MHCC from full evaluation at this time. DLS further recommends that LPC require DLS, by December 1, 2016, to conduct a review of the missions and responsibilities of all three health care regulatory commissions and make recommendations regarding how the responsibilities and roles of the commissions could be better aligned. This review should include recommendations regarding the relationship between State agencies and major health IT efforts, such as CRISP. The decision on the length of time for which HSCRC's evaluation date should be extended should be deferred pending receipt of the review.**

Policy Issues for Consideration

Assessment Cap

Commission expenditures are estimated to exceed the cap by more than \$700,000 in fiscal 2016, forcing the commission to draw funds from its special fund balance despite cost saving measures discussed earlier in this report. While DLS encourages MHCC to continue to seek alternative sources of revenue in addition to user fee assessments, given that the fiscal 2016 appropriation is \$14.7 million, **DLS recommends that the assessment cap be raised to \$15.0 million.** If the assessment is increased by this amount, MHCC should not seek an additional increase for another three years.

Calculation of Workload Distribution

MHCC user fees are assessed based on the portion of the commission's workload attributable to each industry. Workload distribution is recalculated every four years. (See **Appendix 3.**) One disadvantage of the calculation is that it is done on a retrospective basis. As such, potentially major changes that MHCC knows will impact its workload in the near future, (such as increased efforts with the new Maryland All-payer Model Contract that governs hospital rate setting or increasing work on the All-Payer Claims Database) cannot be taken into consideration at the time the commission conducts the calculation. Thus, **DLS recommends that MHCC explore how the workload distribution calculation might, at least in part, consider *future* workload requirements.**

Appendix 1.

Major Legislative Changes Since the 2006 Sunset Evaluation

<u>Year</u>	<u>Chapter(s)</u>	<u>Change</u>
2007	627	<p>Extends the evaluation date for the Maryland Health Care Commission (MHCC) by 10 years to July 1, 2017.</p> <p>Increases MHCC's user fee cap from \$8 million to \$10 million.</p> <p>Makes several operational changes, including standardizing quorum and voting requirements.</p>
2008	238	<p>Expands and specifies eligibility for reimbursement from the Maryland Trauma Physician Services Fund.</p> <p>Requires MHCC to develop a grant process for equipment for Level II and III trauma centers and allows up to 10% of fund balances to be used for such grants.</p> <p>Prohibits expenditures from the fund from exceeding revenues in any given year.</p> <p>Increases by \$25,000 the cap on annual reimbursement to emergency physicians from the fund and increases a specified annual grant.</p>
	692	<p>Requires MHCC and the Comptroller to annually study and report on the number of families claiming exemptions for dependent children, the value of the exemption, and the effect of requiring claimed dependents to have health insurance.</p>
2009	546/547	<p>Expand eligibility for reimbursement for Level III trauma centers from the Maryland Trauma Physician Services Fund, contingent on funding.</p>
	577/578	<p>Alter the Comprehensive Standard Health Benefit Plan (CSHBP).</p> <p>Require MHCC to specify the deductibles and cost-sharing associated with the benefits in CSHBP.</p> <p>Require MHCC to maintain a website tool that small businesses may use to compare CSHBP products.</p>
	585/586	<p>Establish requirements for MHCC to approve ratings examiners to review physician rating systems.</p>
	664	<p>Requires MHCC to annually review payments to providers to determine compliance with statutory requirements regarding payments to noncontracting providers.</p>

<u>Year</u>	<u>Chapter(s)</u>	<u>Change</u>
	689	Requires MHCC and the Health Services Cost Review Commission to designate a statewide health information exchange (HIE).
2010	5/6	Require MHCC to establish a Patient Centered Medical Home Pilot Program.
	505/506	Require MHCC to conduct a study of the effect of the rates established for freestanding medical facility pilot projects.
2011	11	Requires MHCC to comparatively evaluate the quality of care and performance of categories of health benefit plans.
	176	Aligns statutory requirements for the closure of specified health care facilities with those required for the closure or partial closure of hospitals.
	534/535	Require MHCC to adopt regulations for the privacy and security of protected health information obtained or released through an HIE.
	616	Prohibits hospitals from performing nonprimary percutaneous coronary intervention services without a Certificate of Need (CON) or waiver.
2012	3	Requires MHCC to implement a standard set of measures regarding racial and ethnic variations in quality and outcomes and provide information on carriers' actions to reduce health disparities.
	418	Specifically requires a CON for the establishment of percutaneous coronary intervention services.
	534/535	Require MHCC to work with specified payers and providers to attain benchmarks for standardizing and automating the process required by payers for preauthorizing health care services.
2013	379	Establishes at least five palliative care pilot programs, administered by MHCC.
2014	316/317	Require MHCC to work with payers and providers to attain benchmarks for overriding a payer's step therapy or fail-first protocol.
	449	Establishes a Community Integrated Medical Home Program to be administered jointly by MHCC and the Department of Health and Mental Hygiene.
	614	Requires MHCC to establish a Health Care Provider-Carrier Workgroup, to provide a mechanism to resolve disputes.

Source: Laws of Maryland

Appendix 2.
Special Fund Revenues and Expenditures for the Maryland Health Care Commission
Fiscal 2011-2016

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Beginning Balance	\$2,961,255	\$2,784,241	\$2,582,541	\$1,902,924	\$1,955,560	\$2,776,661
User Fee Assessments ¹	10,302,708	10,498,730	11,018,016	12,049,694	12,067,442	12,000,000
Other Revenues ²	200,000	0	0	310,000	880,000	0
Transfers to General Fund	(1,142,890)	(39,000)	0	0	0	0
Total Revenues Available	\$12,321,073	\$13,243,971	\$13,870,557	\$14,262,618	\$14,903,002	\$14,776,661
Direct Costs	\$8,793,818	\$9,647,536	\$11,200,313	\$11,451,433	\$11,244,322	\$11,912,324
Indirect Costs	743,014	743,894	767,320	855,625	882,019	850,000
Total Expenditures	\$9,536,832	\$10,391,430	\$11,967,633	\$12,307,058	\$12,126,341	\$12,762,324³
Ending Balance	\$2,784,241	\$2,852,541	\$1,902,924	\$1,955,560	\$2,776,661	\$2,014,337
% of Total Expenditures	29%	27%	16%	16%	23%	16%

¹ User fee assessment revenues may slightly exceed the \$12.0 million cap in some years as a result of how fees are collected from health care practitioners that renew on a biennial basis. In years where a higher number of health care practitioners renew licenses, revenues are higher than projected.

² Other revenues include administrative expenses for services provided to other State entities, electronic health network renewal fees, and other reimbursement from commission programs.

³ The commission's fiscal 2016 legislative appropriation is \$14,683,912, but actual expenditures are anticipated to be less.

Note: This exhibit includes only revenues and expenditures from the Maryland Health Care Commission's special fund and does not reflect federal revenues and expenditures. Fiscal 2016 revenues and expenditures are estimated.

Source: Maryland Health Care Commission; Department of Legislative Services

Appendix 3. Distribution and Assessment of User Fees Fiscal 2015

	<u>Insurance Companies</u>	<u>Hospitals</u>	<u>Nursing Homes</u>	<u>Practitioners</u>	<u>Total</u>
Percentage of Workload	28.0%	33.0%	17.0%	22.0%	100.0%
Industry Assessment	\$3,360,000	\$3,960,000	\$2,040,000	\$2,640,000	\$12,000,000
Number of Payers ¹	61	54	231	82,500	82,846
Apportionment of Fees	Determined by amount of premiums earned.	Determined by number of admissions and amount of gross operating revenue.	Determined by number of admissions and amount of gross operating revenue.	Each practitioner assessed \$27 every two years through licensing board. Assessment exempts low wage earners.	

¹The number of practitioners listed includes all who are subject to user fees, though only about half pay the fee each year due to typically biennial license renewal schedules.

Source: Laws of Maryland; Maryland Health Care Commission

Appendix 4.
Written Comments of the Maryland Health Care Commission



MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

December 1, 2015

Warren G. Deschenaux
Executive Director
Department of Legislative Services
90 State Circle
Annapolis, MD 21401

Dear Mr. Deschenaux:

Thank you for the opportunity to comment on the preliminary evaluation of the Maryland Health Care Commission (MHCC). Department of Legislative Services staff have done an outstanding job summarizing our responsibilities, new initiatives and financing. The brief version of our response is: **we concur with the report and its recommendation.** Since we are in agreement with the recommendation we will focus our response on our capabilities and key priorities.

MHCC is an independent regulatory agency administratively located in the Department of Health and Mental Hygiene (DHMH). The MHCC is working to achieve a health care system in which informed consumers hold the health care system accountable for making significant improvements in quality and performance. Such a system will create market-based incentives for health care providers to deliver the best quality and most affordable care. The MHCC has four distinct capabilities that can help policy makers and other stakeholders to drive system improvement:

- **Convener and collaborator:** The MHCC is experienced in convening diverse stakeholder groups to encourage collaboration and consensus building, especially on controversial issues. As a trusted partner, MHCC brings stakeholders together to develop innovative solutions to resolve complex problems. Advised by workgroups, the MHCC currently manages initiatives that: plan and implement a statewide Health Information Exchange; implement an ambitious program of ongoing oversight of cardiac services; modernize health planning in an era of global budgets; and improve the collection and dissemination of health data.
- **Outcomes Measurement and Aggregator:** The MHCC is a major source of information on Maryland's health system performance derived from powerful data sources. The MHCC is

responsible for the Maryland Health Care Quality Reports, a consumer portal containing quality and outcomes information from hospitals, nursing homes and health plans; the Medical Care Data Base (MCDB) containing claims information from all major payors in the State; and the aggregator of information from cardiac services registries containing comprehensive information on cardiac surgery and interventional cardiology outcomes for Maryland residents. The MHCC draws from this information to publish policy reports, issue papers, and consumer guides, comparing the performance of hospitals, health benefit plans, nursing homes, assisted living facilities, and outpatient surgical facilities. Working with Maryland health occupations boards, MHCC assembles and reports information about Maryland's health care work force for use by other State agencies and non-government and governmental stakeholders.

- **Policy Assessor:** Throughout the past decade, MHCC's work provided the framework to enable compromise among organizations with differing views from health insurance benefits, health information technology (health IT), health quality and safety, and physician payment policy. The MHCC provides objective policy insights upon request of the administration or the General Assembly. State policymakers and health care stakeholders seek MHCC's input on numerous health care issues. Recent examples include assessments of the effectiveness of medical and pharmacy preauthorization, development of patient protections under step-therapy protocols, evaluation on the impact of the Assignment of Benefits law, and the development of broad principles for reforming the Maryland's Patient Referral Law.
- **Health Planner:** The MHCC is responsible for the creation of the State Health Plan for Facilities and Services, a State regulation composed of chapters dealing with specific facilities and services for which the General Assembly requires MHCC regulation. The MHCC implements the State Health Plan through policy direction and through the Certificate of Need, Certificate of Conformance, Certificate of Ongoing Performance, and exemption processes. The MHCC recognizes that health planning is one of many tools in its health policy toolkit. The MHCC uses that flexibility to design new quality and performance-based approaches to address planning for specialized cardiac services. The same approach is being applied to the establishment of home health agency services. These new approaches encourage high performing providers and hold accountable those that deliver inferior care.

Key Priorities of the MHCC

Advancing the use of Health IT to Enhance Care Delivery and Maximize Meaningful Use

The MHCC has led efforts to advance health IT adoption in Maryland for over eight years. The earliest health IT planning and development efforts resulted in the establishing the Chesapeake Regional Information for our Patients (CRISP), the State-designated health information exchange (HIE); harmonizing local HIE efforts; increasing electronic health record

(EHR) adoption and meaningful use by physicians, hospitals, and comprehensive care facilities (nursing homes); and facilitating telehealth use case development.

Connecting all ambulatory practices, local health departments, and nursing homes to CRISP is the biggest challenge in health IT development. Working with providers, sister State agencies, and CRISP, has led to impressive results. In 2010, only 23 percent of ambulatory practices statewide had adopted an EHR; by 2014 the adoption rate had climbed to nearly 64 percent. The MHCC supports acute care hospitals as they seek to expand functionality of their EHRs; all but two hospitals have adopted an EHR. The MHCC provides guidance to nursing homes in implementing EHRs; over the last five years, EHR adoption has increased by almost 19 percent.

The long-term sustainability of CRISP and other HIEs depends on the ability of all participants in the health care system to find value in the exchange of electronic health information. Health care providers benefit from improved access to information at care delivery, payors benefit from reduction in duplicate or unnecessary testing or procedures, and consumers benefit through improved care. As a convener and enabler, MHCC identifies innovative opportunities to expand the value propositions among all public and private initiatives that are underway in Maryland today as follows:

- Convenes planning session with other State agencies to ensure that the use of CRISP services across State agencies is coordinated and scarce technology expertise is utilized most efficiently.
- Works directly with individual agencies, such as the Alcohol & Drug Abuse Administration; Medicaid; the Health Services Cost Review Commission; and the Maryland Health Benefit Exchange to facilitate use of the CRISP infrastructure.
- Provides guidance to health care associations in developing use cases that involve health IT that create value to their members and enhanced patient care.
- Participates on the CRISP Clinical Advisory Board, the Finance & Sustainability Advisory Board, the Privacy and Security Advisory Board, and the Integrated Care Network Infrastructure Steering Committee.

MHCC has unique role in the adoption of health IT in Maryland. Trust in the new technologies is a precondition to widespread adoption. In our role as designator of the State-designated HIE, we oversee financial and technical audits of CRISP and ensure compliance with auditor recommendations. Similarly, increased privacy and security is crucial to safeguarding electronic health information and building consumer trust in the technology. The MHCC collaborates with a broad array of stakeholders in order to assure comprehensive input in MHCC's development of privacy and security regulations that balance the need for increased protections with rapidly evolving technical capabilities of health IT.

The MHCC is advancing telehealth adoption and meaningful use as an emerging area of health IT. Over the last 18 months, MHCC has used its authority to launch telehealth initiatives in rural areas and other underserved areas of the State. In spite of tight budgets, the MHCC has sparked telehealth innovation by awarding grants for nine incubator projects that coordinate care

delivery between a nursing home and an acute care hospital using video consultations¹; demonstrate the impact of remote patient monitoring on hospital readmissions; and test telehealth effectiveness on various chronic conditions, providers, and settings. Learning lessons from these incubator projects will inform industry implementation efforts. Recently, CareFirst BlueCross BlueShield announced that it will issue various telehealth grants, consistent with the recommendations in the MHCC's *2014 Telemedicine Task Force Report*, which contains recommendations evaluated by approximately 60 organization Task Force members.²

Expand Reporting of Health System Performance to Drive Transparency

The MHCC is committed to sending a clear message to Maryland providers, employers, and consumers that their participation and preferences on performance reporting matter. As directed under Health-General §19-134, MHCC reports on the comparative quality of health plans, nursing homes, hospitals, and ambulatory surgery centers. The MHCC launched the Health Benefit Plan Quality and Performance Report in 1996. The Consumer Guide to Long Term Care and the Hospital Performance Evaluation Guide were added in 2002. The MHCC quality guides include clinical, consumer satisfaction, and cost information. Additionally, Maryland is one of a few states that collects and publicly reports on racial and ethnic health care disparities for health plans.

The MHCC has embarked on an ambitious effort to expand and refine information that is needed to drive transparency. In October 2014, MHCC took an important first step by creating a single website for its hospital, long-term care, and health plan reporting efforts. The new Maryland Health Care Quality Reports³ website brings all of MHCC's quality reporting initiatives together to create a comprehensive website and resource tool for consumers. Maryland is the first state to integrate the open-source MONAHRQ Version 6.0 developed by the federal Agency for Health Care Research and Quality into its state quality reporting application. Use of open source MONAHRQ reduces the cost of maintaining the reporting system. In 2015, more detailed information on hospital charges was added and plans are underway to include physician prices to provide estimates of the total costs of care for certain elective procedures.

A major strength of the quality reporting strategy in Maryland is that a trusted source assembles the information, all providers are subject to reporting, and the information is carefully reviewed and, in most instances, audited by an independent entity. The MHCC conducts independent quality audits of information reported by health plans and providers. Consumers and purchasers have indicated in focus groups and surveys that they have more confidence in the quality information provided by government agencies such as MHCC. The MHCC includes consumers, providers and employers in the workgroups that plan improvements to the guides and reports and, to the extent permitted by its budget, conducts focus groups that evaluate the reports and suggest areas of improvement. Before releasing new information, MHCC previews the data with each involved health plan, hospital, and long-term care organization. Giving early access

¹ http://mhcc.maryland.gov/mhcc/Pages/hit/hit_telemedicine/hit_telemedicine.aspx

² http://mhcc.maryland.gov/mhcc/pages/home/workgroups/documents/tlmd/tlmd_ttf_rpt_102014.pdf

³ <http://mhcc.maryland.gov/mhcc/consumer.aspx>

and opportunities to review their own results, builds trust and fosters a climate of continued improvement among organizations that are subject to quality reporting.

The MHCC collaborates with other State agencies, health plans, providers, purchasers, and consumer representatives in developing the reports. The MHCC seeks input from health plans, hospitals, and nursing home representatives to determine the quality measures, audit procedures, time lines, and reporting formats. Information MHCC develops is shared with HSCRC, Maryland Medicaid, the Department of Aging, and the Maryland Health Benefit Exchange (MHBE), enabling those agencies to avoid duplicative reporting efforts.

In collaboration with HSCRC, MHCC expanded hospital inpatient reporting requirements in 2014 to align with CMS' requirements. The MHCC's expanded data collection requirements support Maryland's new all-payor hospital model negotiated with CMS.

- The MHCC shares information on the Nursing Home Family Satisfaction Survey, a key element of the Long-term Care Guide, with Medicaid for use in Medicaid's Nursing Home Pay for Performance program.
- The MHCC collaborates with the federal Centers for Disease Control in accessing the information from the National Healthcare Safety Network infection surveillance system and shares that information with HSCRC and DHMH in addition to publishing in MHCC's hospital quality report.
- The Department of Aging uses the MHCC's Guide to Long-term Care in its outreach efforts with seniors.
- The MHBE collaborates with MHCC in the development of health plan reports. MHBE posts MHCC's health plan results on its enrollment site to enable consumers to compare health plan performance information.

These collaborations widen the benefit of quality reporting, reduce redundancy in quality reporting, and allow the State to acquire the technical expertise at the lowest cost.

Modernize Health Planning to Address Changing Capacity Needs of a High-Performing, Integrated System

The current health planning process serves as the foundation for the establishment of new, updated, or expanded health care facilities and services, which include hospitals, nursing homes, home health agencies, hospices, and ambulatory surgical facilities. The changes sweeping the Maryland health care system, including national health care reform and the launch of the new all-payor hospital model, require short-term modernization of health planning to align with hospital payment reform and a longer term and broader reinvention to address the systemic changes expected across a range of facilities and services provided to patients following hospitalization.

Global budgets that constrain hospital revenue growth are becoming the dominant financial lever in the new all-payor hospital model. These spending limits, used in conjunction with the quality and performance incentives and penalties under the new model are intended to incentivize providers to produce higher value care and will spur innovation in more efficient care delivery. It will encourage hospital providers to look beyond hospital walls and to partner with colleagues in the community in order to reduce admissions, readmissions, and days of

hospitalization. Providers may seek to develop projects that do not fall neatly in traditional facility and service categories historically found in state health planning and licensure definitions. Hospital and health care systems are likely to create new types of organizations for delivering a continuum of care, combining the efforts of several providers who have historically acted in isolation and, in some cases, sharing the revenue bundled for specific episodes of care among physicians and multiple institutional providers. The current planning process that is focused on reacting to individual organizations' project requests needs to evolve.

In the short-term, this modernization effort will involve new approaches to decision-making for hospital projects already in the planning pipeline or soon to be submitted. These projects include requests for replacement hospitals, applications for new specialized services, and added surgical capacity. Closer collaboration with HSCRC in project review is already occurring and work is underway to establish an approach that will allow capital projects to be considered in a timely manner within the framework of a global budget.

A longer-term reinvention process will align MHCC planning for health care facilities with initiatives and policies of other DHMH agencies, local health care coalitions, and private sector entities focused on improving health status, meeting community-identified needs, and managing population health. The objectives of this longer-term modernization will be to create a health planning and regulatory process that:

- Plans for improvement of the health status of Maryland's population rather than planning for health care facility service capacity;
- Rewards improvements in health systems performance and denies development opportunities for poor or mediocre performers rather than perpetuating the same institutional patterns of care; and
- Holds expansion of the health care resource base to a sustainable growth rate, in order to improve the affordability of care, rather than planning and regulating without limits to spending.

Work on these short and long-term efforts is underway in parallel with existing review activities.

Expanding the All Payor Claims Database⁴ to Support Health Care Reform and Further Price Transparency

The MHCC is currently undertaking a major expansion and enhancement of Maryland's All Payor Claims Database (APCD) to support important initiatives outlined below. The list of payors required to submit information to the APCD has been expanded to include third-party administrators and pharmacy benefit managers so that health care utilization and spending in the self-insured market will be available in the database. To make the APCD as current as possible, data is now collected quarterly through an automated process, and then transferred to data warehouse designed to facilitate complex analyses. Other enhancement activities include regular data reconciliation meetings with carriers to insure confidence in the data, the addition of a Master Patient Identifier (from CRISP) to identify the same person across insurance products,

⁴ Maryland's All Payor Claims Database (APCD) is referenced as the Medical Care Data Base in Maryland law. Maryland and seventeen other states have or are developing APCDs.

and the addition of episode of care definitions. These expansion and enhancement efforts are currently funded by federal grants (see Budgetary Outlook).

The expanded and enhanced APCD will support Maryland's new all-payor hospital model, which places almost all hospital spending under a global budget. Monitoring total cost of care is one of the requirements under this model, and Maryland has developed its own total cost of care monitoring tool with the APCD as the source data for the commercial patient cost metrics. The MHCC, as an active participant in examining alternative approaches to measuring the total cost of care, recognizes that understanding total cost of care and identification of low value services by clinicians, hospitals, payors, and consumers are essential if the new model is to succeed in Maryland.

The enhanced APCD also allows the Commission to report on more price transparency metrics to State partners and the public. The MHCC recently developed a data dashboard for use by the Maryland Insurance Administration in rate review analysis. The MHCC is also developing public-facing webpages to display utilization and cost/price transparency information for industry stakeholders and a specialized portal targeting consumers. The enhanced APCD gives MHCC the ability to define and analyze episodes of care, including the total resources and expenditures associated with the service bundle and how episode resource use varies across providers, which will significantly add to the valuable information the MHCC generates from its APCD. Information on episodes of care costs will be included on the consumer portal.

Finally, MHCC was recently selected by the Network for Regional Healthcare Improvement to participate in its Total Cost of Care expansion project. The project provides MHCC with a cost of care tool designed to generate information for primary care practices. When applied to the APCD, this tool will give practices information on the total utilization/cost of care for their patients. The MHCC will recruit a set of primary care practices familiar with total cost of care concepts to assess the utility of the information in managing their patients' health care utilization.

MHCC's Budgetary Outlook

The MHCC's requested appropriation for FY 2017 is \$14.6 million. The MHCC's budget is 100% special funds through a user fee assessment on hospitals, nursing homes, payors, and through the licensing process of the Health Occupation Boards. Currently, the Commission assesses: 1) payors for an amount not to exceed 28 percent of the total budget; 2) hospitals for an amount not to exceed 33 percent of the total budget; 3) the Health Occupation Boards for an amount not to exceed 22% of the total budget; and 4) nursing homes for an amount not to exceed 17% of the total budget. As DLS has recommended, MHCC is already examining more equitable methods of assessments that would combine the current method of retrospective workload analysis with a prospective workload analysis.

The MHCC has pursued a three-pronged financial strategy to align responsibilities with funding sources because its assessment cap is set at \$12 million.

- First, MHCC has aggressively pursued grant opportunities. Since FY 2014, MHCC has been awarded approximately \$4.0 million in federal grants from the Centers for Medicare and Medicaid Services. (CMS). These funds have been used to develop the APCD infrastructure,

create a rate review process using the APCD, and develop a price transparency initiative. Almost \$200,000 from the Network of Regional Health Initiatives (NRHI) with almost an equivalent amount of in-kind support from NRHI technical staff has supported the MHCC's strategic priority to expand applications for the APCD. MHCC obtained grants from Robert Wood Johnson Foundation's (RWJ) State Health and Value Strategies, Technical Assistance Program (SHVS TA) in 2014 and 2015. MHCC projects more limited federal grant opportunities in 2017 and beyond. Grant opportunities from foundations such as RWJ are uncertain.

- Second, MHCC has requested reimbursement from agencies that receive services from MHCC. The MHBE and HSCRC are key collaborators and will provide funds for MHCC's development of the Qualified Health Plan Quality Report and MCDB development respectively.
- Third, MHCC has tightly managed the operating budget, deferring hiring when necessary, achieving operational efficiencies where possible, and narrowing the scope of existing contracts when feasible. This strategy has enabled MHCC to build a projected reserve sufficient to fund the projected FY 2017 appropriation of \$14.6 million. Meeting mandated responsibilities by squeezing operational savings from elsewhere in the organization is a short term solution, but reduces MHCC's ability to complete its work.

MHCC cannot sustain the current level of effort without additional sources of revenue in FY 2018. The existing assessment cap of \$12 million was established in 2008. The MHCC's mandated duties have expanded in the past nine years, and include oversight of health IT, expanded quality reporting for hospitals and nursing home, significant role in assessing health disparities, and expansion of the APCD to enable more comprehensive and timely data capture. Aside from terminating Comprehensive Standard Health Benefit Plan, no other mandated responsibility has been eliminated.

The Commission looks forward to continuing to work with the General Assembly and assisting in the future review of the missions and responsibilities of the three health regulatory commissions.

Sincerely,



Ben Steffen
Executive Director

Update on the Preliminary Evaluation of the Licensing and Regulation of Security Systems Agencies and Technicians

Recommendations: Waive from Full Evaluation

Extend Termination Date by Five Years to July 1, 2021

Increase Licensing and Registration Fees

During the 2013 interim, the Department of Legislative Services (DLS) conducted a preliminary evaluation of the licensing and regulation of security systems agencies and technicians as required by the Maryland Program Evaluation Act (§ 8-401 *et seq.* of the State Government Article). DLS deferred making a recommendation on whether to waive or require a full evaluation, pending receipt of a follow-up report from the Maryland State Police (MSP), which maintains the program. Specifically, MSP's follow-up report was to encompass the following issues, which could not be assessed during the evaluation:

- steps being taken to update and automate the database of licensed and registered security systems agencies and technicians;
- additional information on how complaints are being processed, the actual number of complaints received in 2013 and 2014, and the disposition of those complaints;
- the number and reasons for denial of licenses as well as registrations for the past five years, including any hearings and the outcomes; and
- establishment and implementation of a time code for employees working on security systems licensing and registration in order for expenditures to be tracked.

MSP completed and submitted the follow-up report in September 2014, and DLS has determined that the report fully addressed these issues. Unless reauthorized during the 2016 legislative session, the licensing and regulation of security systems agencies and technicians will terminate on July 1, 2016.

Summary of the 2013 Preliminary Evaluation of the Licensing and Regulation of Security Systems Agencies and Technicians

The General Assembly started to regulate security systems services in the mid-1990s in response to the case of the so-called "crossbow rapist" in the Washington Metropolitan area, who posed as a security systems consultant to gain information about and access to his victims. Chapter 362 of 1994 established licensing of security systems agencies, and Chapter 520 of 1997 established registration of technicians. In order to perform security systems services, an individual

registered as a security systems technician must work for a licensed security systems agency. Each applicant for a license or a registration must undergo a criminal history records check, be age 18 or older, and be of good moral character. An applicant for an agency license must also carry a fidelity bond or maintain general liability insurance for at least \$50,000. The Secretary of State Police has the ability to deny, suspend, or revoke a license or registration or reprimand or fine a licensee or registrant if an individual fraudulently obtains or uses a license; pleads guilty or is convicted of a felony; or engages in or advertises as providing security systems services while not licensed. Statute establishes an agency initial licensing fee of \$150; that amount specifically *includes* the cost of the Maryland and national criminal history records check and fingerprinting. The renewal fee for an agency is also established in statute at \$100, *plus* criminal history records fees (and any applicable late fees). Registrants pay an application fee that is the higher of \$15 or an amount set by the Secretary of State Police based on actual processing costs, plus the cost of any criminal history records checks. The fee structure is the same for initial and renewal registrations. Licenses and registrations are valid for three years; over the three-year licensing/registration cycle that ended in fiscal 2013, the average annual fee revenue, which accrues to the general fund, was approximately \$67,200.

As of June 30, 2013, MSP advised that there were 741 security systems agencies licensed in Maryland and 6,924 security systems technicians registered. It also reported that it had no records of any complaints filed against security systems technicians or agencies in the prior five years. However, MSP reported disapproving between 81 and 184 applications for licenses and/or registrations annually.

The regulation of security systems agencies and technicians is budgeted with general funds within the Licensing Division of MSP. However, MSP advised that it did not track the expenditures related to this regulatory activity since the Licensing Division is also responsible for licensing other groups, including handgun owners and private investigators. Given the part-time staffing dedicated to regulation of security systems agencies and technicians, DLS indicated that it was likely that revenues attributed to this regulatory activity are sufficient to cover the related costs but could not definitively establish that they do so.

The process of compiling data for the preliminary evaluation report drew attention to an often overlooked section within the Licensing Division of MSP. Based on the responses provided by division staff, DLS determined that the division had not been maintaining reliable automated records with respect to (1) initial licenses and registrations issued versus those renewed; (2) complaints received; or (3) expenditures. Many data requests made by DLS were not answered or yielded partial or unreliable data. For example, when DLS requested the number of licenses and registrations issued, three sets of data were provided, and the numbers did not reconcile.

Summary of MSP's Follow-up Report

MSP's follow-up report addressed each of the four areas delineated in the preliminary evaluation report.

Data Availability

Beginning in 1999, MSP began maintaining licensing and registration information on security systems agencies and technicians in its Application Tracking System, which is configured using Lotus Notes. The data requested by DLS for the preliminary evaluation was available from the tracking system at the time of the evaluation, but MSP advises that the employee assigned to retrieve the data was not proficient in the use of the database, resulting in incomplete or confusing data being provided to DLS. Following the preliminary evaluation, MSP determined that, while the existing system is capable of supporting the licensing and regulatory program, some enhancements and added functionality will greatly improve MSP's ability to administer the program effectively. The system upgrade has been managed by a certified project manager, with completion in early 2015.

Complaint Processing and Disposition

Chapter 57 of 2014 requires the Secretary of State Police to conduct an investigation that relates to any complaint alleging that an unauthorized person has provided security systems services. A complaint must (1) be in writing and under oath; (2) state specifically the facts on which the complaint is based; and (3) be filed with the Secretary. In response, MSP has instituted new procedures and developed new forms to carry out the complaint processing requirements in Chapter 57. After investigating a complaint, an investigator will determine, based on the preponderance of the evidence, whether to sustain or not sustain the complaint. The investigator's determination is subject to review by the division commander, who determines disciplinary action. Determinations and disciplinary actions are subject to appeal, with formal appeals handled by MSP's Administrative Hearing Office.

MSP reports receiving a total of three complaints related to security systems technicians and agencies during the period covered by the DLS evaluation. In 2013, MSP reports receiving one complaint against an agency and one complaint against a technician. The agency complaint resulted in a cease and desist order, and the technician complaint resulted in suspension of the registration. Neither order was appealed. In 2014, MSP reports receiving one complaint against a technician, which resulted in a warning letter.

Denial of Licenses and Registrations

From January 2009 through August 2014, MSP reports denying three agency licenses and 300 technician registrations. For agency licenses, one denial was based on criminal history and two were denied for failing to pay taxes. All but one of the technician registrations were denied for criminal history, and one was denied for mental health/substance abuse. Seven of the denials were appealed, and five were upheld. Disposition of the remaining two appeals is not known because records were destroyed in accordance with the unit's three-year record retention policy.

Expenditures

MSP advises that one full-time trooper first class, a half-time corporal, and a full-time secretary are assigned to the licensing and registration of security systems agencies and technicians. Compensation for these three individuals is estimated to total \$270,491, including fringe benefits and health insurance. MSP further notes that the two full-time positions spend approximately 80% of their time on the licensing and regulation of security systems agencies and technicians, with the remaining 20% of their time spent on other duties within the Licensing Division. Therefore, the total initial cost for staffing this function is approximately \$216,400, not including nonpersonnel operating costs. In addition, MSP advises that, over a two-year period, these individuals accrued an annual average of more than 2,400 overtime hours, for an additional average annual cost of \$116,500; most of that time is likely devoted to other licensing activities, most notably the licensing of handgun owners. Assuming only a small percentage of the overtime expenses is related to the licensing and registration of security systems agencies and technicians, the total cost of that endeavor is likely less than \$250,000 annually. Even so, this total substantially exceeds the annual fee income of approximately \$67,200 generated by the program.

Policy Conclusions and Recommendations

MSP appears to be carrying out its statutorily required purpose of ensuring the integrity of security systems agencies and technicians. Over a five-year period, it prevented 300 individuals with criminal backgrounds from becoming technicians. It is also implementing a new complaint adjudication process as required by statute, and it is upgrading its data management system to provide adequate data for accountability and management purposes. Therefore, DLS recommends that the licensing and registration of security systems agencies and technicians be maintained.

However, one issue raises concerns regarding the sustainability of the program: the program appears to cost far more to administer than it is generating in revenue. Given the amount of overtime accrued by current staff, reducing staff does not appear to be a suitable option; rather, additional staff may be warranted. Therefore, a fee increase may be warranted. The current fee of \$150 for a three-year agency license amounts to \$50 per year, and the renewal fee of \$100 equals \$33 per year. Both of these annual amounts are relatively modest in terms of State licensing fees. The \$15 registration fee is also extremely low in terms of State licensing fees.

In addition, MSP is currently upgrading its data management system. Given the issues encountered with obtaining data for the preliminary evaluation, DLS believes it is prudent to revisit the program after it has completed another three-year licensing/registration cycle to determine:

- if the upgraded data management system is operating efficiently and is capable of providing the data necessary to assess the program's efficacy; and
- whether costs are better aligned with fee revenue.

Therefore, the Department of Legislative Services recommends that the Legislative Policy Committee waive the licensing and registration of security systems agencies and technicians from full evaluation and that legislation be enacted to extend the termination date by five years to July 1, 2021. DLS further recommends that the reauthorizing legislation include:

- **a fee increase to \$250 for an initial agency license, that *does not* include the cost of the Maryland and national criminal records check, and \$175 for a renewal agency license; and**
- **an increase in the minimum registration fee for technicians to \$25, along with a further recommendation that the Secretary of State Police consider exercising his discretion to establish a higher fee to fully recoup costs associated with processing those registration applications.**

DLS projects that these changes to the fee structure could increase general fund revenues by between \$40,000 and \$60,000 annually, depending on the volume of new and renewal licenses and registrations issued; revenues would increase by greater amounts if the Secretary of State Police raises the registration fee beyond the \$25 minimum recommended by DLS. At this time, DLS does not recommend reducing the term of licenses and registrations from three to two years because of the increased workload this would generate for MSP, which is already devoting substantial overtime to all of its licensing functions. Moreover, such a change could undermine administrative efficiencies anticipated by Chapter 424 of 2015, which increased the term of a private detective agency license from two to three years. DLS will revisit this issue in the next evaluation, based in part on whether the funding gap has been addressed by the recommended increase in fees.

Part II
State Treasurer's Office
Report of the Treasurer

Department of Legislative Services
Annapolis, Maryland

December 2015



**TREASURER'S REPORT TO
LEGISLATIVE POLICY COMMITTEE**

December 15, 2015

Nancy K. Kopp

State Treasurer

Section 5-104 of the State Government Article of the Annotated Code of Maryland provides that, “The Treasurer shall address the Legislative Policy Committee of the General Assembly on a semi-annual basis and as necessary on issues of legislative importance, including the activities of the Board of Public Works, bond sales, and investment and procurement initiatives.” This Report is in fulfillment of that law and covers the period since the Report of June 1, 2015. I invite and welcome further discussion with the Committee at your convenience.

The State Treasurer’s activities and responsibilities are of particular concern to the Legislature. One of seven statewide Constitutional officers, and the only one elected by the General Assembly, the State Treasurer’s duties are multifaceted and extend throughout State government and higher education. The Treasurer’s duties include membership on the Board of Public Works and Board of Revenue Estimates and Chairmanship of the Capital Debt Affordability Committee. The Treasurer presently also serves as Chair of the Board of Trustees of the College Savings Plans of Maryland and the Board of Trustees of the State Retirement and Pension System. The Treasurer is a member of the governing boards of the Teachers’ and Employees’ Supplemental Retirement Plans, the Maryland Health and Higher Education Facilities Authority, the Maryland Small Business Development Financing Authority and of the Maryland Agricultural Land Preservation Foundation.

The Treasurer’s Office continues to plan and conduct our bond sales effectively, while striving to maintain Maryland’s coveted AAA bond rating. We monitor the market routinely to take advantage of savings as they become available, such as by refunding our General Obligation Bonds or issuing new types of debt such as Qualified Zone Academy Bonds. And as you know, we continue to invest State funds prudently and conservatively to minimize risk to the Maryland taxpayers.

The items set forth below detail a number of our recent achievements. We are always available to provide greater information or answer questions regarding these and other issues.

BOARD OF PUBLIC WORKS

Between June 1, 2015 and November 30, 2015, the Board of Public Works (BPW) met ten times to consider State procurements, expenditures of capital appropriations, the acquisition, use and transfer of State assets, issuances of licenses to dredge and fill wetlands, and the acquisition of land and easements in support of Program Open Space, the Conservation Reserve Enhancement Program, the Rural Legacy Program and the Agricultural Land Preservation Program.

During this timeframe, in addition to the State General Obligation Bond Authorizations and the Capital-Lease and Energy Performance Lease financings discussed in more detail in the Debt Management Section of this Report, the following items, worthy of note, were considered by the Board of Public Works:

Bonds

- Approved the Maryland Water Quality Financing Administration's request to issue up to \$180 million in Bay Restoration Fund Revenue Bonds to provide grants for the upgrade of wastewater treatment plants with enhanced nutrient removal technologies. (09/16/15)
- Adopted resolutions authorizing the issuance and sale by the Maryland Department of Transportation of its Consolidated Transportation Bonds, Series 2015 (Third Issue) in an amount not exceeding \$450 million. (10/07/15)

FY 2015 State Operating Budget

- On the basis of the State of Emergency declared on April 27, 2015, in response to the civil unrest in Baltimore City, the Governor transferred \$20 million from the Rainy Day Fund to the BPW's Contingency Fund to cover expenses incurred during the State of Emergency in Baltimore City and to provide assistance in the revitalization of the City. The BPW approved the following fund transfers:
 - \$7,905,501 to reimburse the Military Department, the Department of Natural Resources Police, the Department of Public Safety and Correctional Services, and the Maryland State Police for costs incurred during the civil unrest in Baltimore City;
 - \$1,000,000 to the Department of Labor, Licensing and Regulation to fund the Baltimore City Summer YouthWorks Program;
 - \$4,150,000 to the Department of Housing and Community Development to fund business and neighborhood recovery efforts in Baltimore City; and
 - The balance of the \$20 million (\$6,944,499) to be returned to the Rainy Day Fund. (06/23/15)

Elections

- Rejected (2-1 vote) the award of an 18-month contract to provide a statewide voter outreach campaign to create awareness and promote acceptance of the State's new voting system. (06/23/15)

Economic Development

- Approved the award of a contract to provide consulting services in support of the development of the Southern Maryland Technology Commercialization Pilot Program. This Program will focus on diversifying the Southern Maryland Region's economy through the commercialization of defense technologies. (06/23/15)

Lottery & Gaming

- Approved additional grant funding of \$11.1 million for the seven incumbent fund managers to provide investment capital and loans to small, minority and women-owned businesses across the State using VLT proceeds. (06/23/15)
- Approved the allocation of \$100,000 from VLT proceeds to the Department of Business and Economic Development (DBED) to reimburse DBED for its FY 2015 administration of the Small, Minority, and Women-Owned Business Fund Manager Program. (06/23/15)

Personnel – FY 2015

- “Rule of 100”: The FY 2015 Budget enables the Board of Public Works to authorize the creation of up to 100 positions within the Executive Branch. While no requests for positions within the “Rule of 100” were considered by the BPW in June, 2015, during FY 2015, the BPW authorized the creation of 56.1 positions within the “Rule of 100”.
- Positions Outside of the “Rule of 100”: Positions that are supported with federal or other non-State funding sources and will be abolished when the specific funding is no longer available:
 - Four positions at the Department of Health and Mental Hygiene (DHMH) dedicated to chronic disease evaluation and health systems change, with a focus on obesity, diabetes and heart disease health outcomes; (06/23/15)
 - Four positions at DHMH focused on building domestic capacity for a public health response to Ebola and other emerging and highly infectious diseases; (06/23/15) and
 - Two positions at DHMH focused on hospital preparedness for a public health response to Ebola and other emerging infectious diseases. (06/23/15)

- In FY 2015, the BPW authorized the creation of 13 positions outside of the “Rule of 100”.

Personnel – FY 2016

- “Rule of 100”: The FY 2016 Budget enables the BPW to authorize the creation of up to 100 positions within the Executive Branch. Between July 1, 2015 and November 30, 2015, the BPW authorized the creation of 6 positions:
 - Five positions at the Office of Administrative Hearings by converting five long-term contractual positions to FTEs in order to facilitate recruitment and retention of an Administrative Law Judge, a staff attorney and three docket clerks; (08/26/15) and
 - One special-funded Assistant Attorney General position within the Office of the Secretary of State to support the administration and enforcement of the Maryland Solicitations Act. Funding for the position comes from the Charitable Enforcement Fund (Ch. 654, Acts of 2014). (09/16/15)
- Positions Outside of the “Rule of 100”:
 - One position supported with federal funding in the Behavioral Health Administration within DHMH to serve as the Project Director for the Medication Assisted Treatment-Prescription Drug and Opioid Addiction grant. (10/21/15)

Public Safety

- Approved the issuance of a notice to proceed to implement Region 5 (Prince George’s, Montgomery, and Southern MD Counties) of the statewide Public Safety Wireless Communications System for First Responders. (09/16/15)
- Ratified 14 emergency contracts for maintenance and preventive maintenance services at the Baltimore Pre-Trial Jail Complex in order to prepare buildings in the complex to accept detainees being relocated from the Men’s Detention Center following that building’s closure in July 2015. (11/04/15)

Public School Construction

- Approved regulations for final adoption that:
 - Establish in regulation the State cost share percentage for each subdivision and the Maryland School for the Blind for Fiscal Years 2016, 2017, and 2018 and to set a maximum State cost share percentage of 98% in FY 2019 and subsequent years; (08/26/15) and

- Establish relocatable classroom indoor environmental quality standards for relocatable classrooms built after July 1, 2015. (08/26/15)
- Approved increased school construction funding for the local school boards in Anne Arundel and Montgomery Counties, representing allocations from the Capital Grant Program for Local School Systems with Significant Enrollment Growth or Relocatable Classrooms. The other four public school systems eligible to receive funding under this grant program (Baltimore, Dorchester, Howard, and Prince George's) requested that their grant funds be applied to the FY 2017 CIP. (11/04/15)

State Services

- Approved the award of a 5-year contract to Scion Dental, Inc. to provide Dental Plan Administrator Services for a comprehensive, fee-for-service dental program for Medicaid participants. (09/16/15)
- Approved the award of 5-year contract to CareFirst of Maryland, LLC to serve as the healthcare provider in the areas of medical, vision, pharmacy, and dental benefits for the employees and retirees of the Maryland Transit Administration. (10/07/15)
- Approved the award of a contract to study and develop a rate setting process that will replace the current prospective payment system for the Developmental Disabilities Administration's provider community. (07/16/15)
- Approved the award of a contract to design, develop and implement a core Unemployment Insurance (UI) system to replace the existing UI system in Maryland. (09/16/15)
- Approved the transfer of \$75,000 from the FY 2016 BPW Contingency Fund to the Maryland Department of Disabilities to provide oversight of the Ethan Saylor Alliance for Self-Advocates as Educators (Ch. 387 & 388, Acts of 2015), the purpose of which is to advance the community inclusion of individuals with intellectual disabilities and developmental disabilities. (10/07/15)

Transportation

- BWI Marshall Airport:
 - Approved the award of a contract to Supreme Airport Shuttle for the exclusive right to operate an on-demand shared-ride ground transportation service to BWI Marshall Airport; (08/26/15)
 - Approved a concession contract with Zipcar, Inc. to operate a non-exclusive off-airport Rental Auto Concession at BWI Marshall Airport; (10/07/15) and

- Approved a request from the Maryland Aviation Administration (MAA) to allow AIRMALL, the Airport's Concessionaire, to enter into leases with subtenants that extend beyond the end date of AIRMALL's Lease and Concession contract (March 31, 2022). After the expiration of the AIRMALL lease, the subleases will continue as direct leases with MAA. (11/18/15)
- Approved the award of a contract for engineering consultant, design and construction management services for the replacement of the Governor Harry W. Nice Memorial Bridge. (06/23/15)

Wetlands Licenses

- Approved the Swan Point Development Co., LLC application for a wetlands license to construct a Potomac River marina, observation piers, shoreline stabilization measures, and create marshlands in Charles County. (07/16/15)
- Approved the application of K. Hovnanian's Four Seasons at Kent Island, LLC for a wetlands license for a residential development project in Queen Anne's County involving horizontal directional drilling in navigable waters of the State, discharging fill from the project's stormwater management system into tidal wetlands, and constructing a pier. (11/18/15)

TREASURY MANAGEMENT DIVISION

Banking Services Department

The primary mission of the Banking Services Department (BSD) is to manage and control relationships with vendors providing financial services for the State of Maryland, to anticipate agency banking requirements, and to respond timely to agency requests.

The Department is directly responsible for managing the banking needs for all agencies of the State. BSD continues to oversee enhancements for lockbox processing and improved reconciliation processes throughout the State. Total business process improvement at the agencies continues.

The Department procures financial products and services statewide. BSD conducted procurement on behalf of the College Savings Plans of Maryland (CSPM) to provide services for the accounts and assets under the control of the Board, including depository, disbursements, lockbox and custodial services. The BSD is providing on-site assistance in implementation of best practices for the procured services for College Savings Plan of Maryland. The Department continued the implementation process for the Agency Depository Contracts for statewide banking depository services. Almost 400 agency bank accounts have been moved to the newly-designated depositories. Reminder notices have been sent to all Agencies with deposits at ineligible depositories. BSD led the Evaluation Committee for the RFP process for E-WIC processing for WIC for Maryland and U.S. Virgin Islands. BSD has been drafted to assist the Child Support Enforcement Administration (CSEA) in drafting an RFP for banking services and will lead the Evaluation Committee.

BSD continues to ensure the accurate and timely recordation of State funds and the reconciliation of the State's bank accounts to the State's R*STARS accounting system. The Department must account for the receipt of all warranted deposits and the disbursement of all warranted payments. To meet these responsibilities, a comprehensive daily cash reconciliation is performed which allows BSD to proactively resolve agency banking issues. Even as the volume of transactions has increased, the processes and controls developed by BSD continue to result in a timely, accurate, and well documented reconciliation of the State's cash accounts. For FY 2015, total cash receipts and disbursements exceeded \$216 billion. As of November 30th total cash receipts and disbursements exceeded \$126 billion for the current fiscal year. The State's General Fund bank accounts continued to be reconciled to the penny on a daily basis to the State's general ledger.

In addition to the reconciliation duties, the Department performs daily operational functions that are critical to the movement of funds into and out of the State's bank accounts and to the recordation of these transactions in R*STARS. These include:

- Processing the drawdown of funds from federal programs and grants;
- Initiating Federal Reserve wire payments;
- Managing foreign currency transactions;
- Processing check stop payments, cancellations and reissues;
- Initiating replacement checks for failed ACH payments;

- Recovering funds for fraudulent check presentments;
- Providing transaction research assistance to State agencies;
- Managing the Unpresented and Undeliverable Check Funds;
- Recordation in R*STARS of all bank adjustments; and
- Maintenance of tables to allow for accurate posting of electronic receipts.

Another responsibility of the Department is to ensure protection of all State funds on deposit with financial institutions through monitoring of bank account and collateral balances. Utilizing the Treasurer's Bank Account Information System (TBAIS), BSD monitors over 1,800 agency bank accounts at 23 financial institutions. Total posted collateral as of October 31, 2015 was \$586+ million. The annual Bank Account Survey, a verification tool used to ensure all accounts are collateralized appropriately and monitored monthly, has been completed. The results of the survey were updated in TBAIS to ensure collection of all interest owed to the General Fund.

The BSD continues to serve as the State's authority for the development, control and maintenance of statewide policies and procedures for banking products and services. We continually strive to stay at the forefront of changes in banking products and services offered in the financial industry. The Department will continue to explore new financial products and improved data delivery methods that will increase its capabilities to provide efficient, cost-saving, banking and financial services to all State agencies.

Investment Department

The Treasurer's conservative investment policy and practices have protected the investment portfolio through these continued unprecedented economic times and has resulted in a modest but continuous return on the portfolio. The par value of the General Fund investment portfolio for November 30, 2015 was \$6,013,533,850.48 as compared to November 30, 2014 when it was \$4,816,265,602.81. This is an increase of over \$1.1 billion dollars.

On November 30, 2015, the portfolio was earning an average of 1.043%, compared to 0.937% for the same date in 2014. The return reflects the diligence of the investment staff despite the impact of the Federal Open Market Committee (FOMC) maintaining the Fed Funds Target rate at .25% or less since December 16, 2008. For comparison, the three month constant maturity Treasury Bill averaged 0.051% from July 2015 until the end of November 2015 as compared with 0.023% for the same time period in the previous fiscal year. The low interest rate environment combined with the highly conservative portfolio strategy focused on liquidity to offset unpredictable and volatile cash flows has resulted in continued moderate but positive interest earned.

The General Fund gross interest earnings received year-to-date for FY 2016 are \$25,591,714 compared to \$19,287,616 received for the same time period in FY 2015. The almost \$6.3 million increase in interest received is directly attributable to higher cash balances available for investment and slightly higher interest rates in the market's anticipation of an increase in rates by the FOMC.

The following chart tracks the number of individual agency accounts that receive an interest allocation from the total interest earned on the investment portfolio. It is important to note that as the total General Fund portfolio decreases, the proportion of Agency Funds to General Funds increases and therefore the State Agencies allocated share of interest earnings increases.

Total Interest Earned
% of Total Interest Earned Allocated to State Agencies

Fiscal Year	Net General Fund	Allocated to State Agencies	Total	% of Total Allocated to State Agencies
2000	121,951,720	103,173,287	225,125,007	46%
2001	136,981,074	144,249,899	281,230,973	51%
2002	82,641,807	66,399,769	149,041,576	45%
2003	37,205,637	42,240,523	79,446,160	53%
2004	25,037,345	29,053,449	54,090,794	54%
2005	52,886,074	54,538,463	107,424,537	51%
2006	149,613,238	109,222,108	258,835,346	42%
2007	150,798,001	205,589,917	356,387,918	58%
2008	155,170,184	207,179,098	362,349,282	57%
2009	102,768,740	142,619,087	245,387,827	58%
2010	44,190,425	87,921,654	132,112,079	67%
2011	53,178,733	87,900,159	141,078,892	62%
2012	23,207,535	48,647,954	71,855,489	68%
2013	8,646,595	40,710,863	49,357,458	83%
2014	19,133,149	52,602,770	71,735,919	73%
2015	7,064,094	55,460,767	62,524,861	88%
Year to Date	8,306,706	17,285,008	25,591,714	68%

The Office continues to encourage minority business participation in the investment of State funds. The evolving bond market has made this task more difficult. A number of MBE firms have merged, been acquired, or ceased to exist during the last few years. The STO has been diligent in the pursuit of qualified MBE broker/dealer firms. Twenty-five MBE broker/dealers are on the Office's approved list for FY 2016, and have handled investments of \$271 million out of \$989 million so far this fiscal year. This compares with fiscal year 2015, when the Office had twenty-four approved MBE broker/dealers who handled \$24 million out of \$599 million investments by the end of November.

The Maryland Local Government Investment Pool's (MLGIP) AAA rating was reaffirmed by Standard and Poor's on September 28, 2015. The MLGIP's balance at November 30, 2015 was \$4,086,460,658.23 compared with \$4,022,968,363.58 for the same date in 2014. This is an increase of over \$63 million dollars due to participants' higher available cash balances and lack of trusted alternative investments. The MLGIP is paying 0.10% as of November 30, 2015 compared to 0.05% last year. The 302 participants continue to use the Pool due to the lack of safe short-term investment alternatives for Investment Pool members at a comparable yield.

The overriding goal of the State Treasurer's Investment Policy is to secure sufficient liquidity in order to maintain uninterrupted funding of State government and legislated payments. As revenues have become less predictable and more volatile, our investment strategy has been adjusted to ensure liquidity. The State Treasurer's Office continues to review and compare our cash management and investment policies and practices with those of peer AAA-rated States to ensure best practices are followed and implemented.

Ratings

On June 19, 2015, in conjunction with the sale of Maryland's General Obligation Bonds State and Local Facilities Loan of 2015, Series A and B, Moody's Investors Service, Standard & Poor's and Fitch Ratings all affirmed their AAA ratings for Maryland's General Obligation debt. Maryland is one of only eleven states to hold the coveted AAA rating, the highest possible rating, from all three major rating agencies. Standard & Poor's has rated the bonds AAA since 1961. Moody's has assigned the bonds a rating of Aaa since 1973, and Fitch Ratings has rated the bonds AAA since 1993. The other ten states that hold AAA ratings from all three rating agencies are Alaska, Delaware, Georgia, Indiana, Iowa, Missouri, North Carolina, Texas, Utah and Virginia.

Meetings with Rating Agencies

As of the date of this report, there have been no further rating actions. The Treasurer's Office has provided the rating agencies with regular updates on the financial condition of the State. The next conference call with the rating agencies is expected prior to the sale of the 2016 First Series General Obligation Bonds in March, 2016.

Ratings Reports

Generally there is consensus among the rating agencies in evaluating the State's credit strengths and weaknesses. All three major rating agencies cite Maryland's debt policies, fiscal management and economy as credit positives and the State's debt burden and pension funding as concerns.

Financial Management

All three rating agencies point to the State's history of strong, sound financial management as a credit strength. Moody's cites a "history of strong financial management" and "adequate reserve levels despite recent draws" as two of the three highlighted "strengths" of Maryland's credit profile. In assessing Maryland's management practices, Standard & Poor's assigned a rating of "strong" to this factor, noting: "Long history of proactive financial and budget management, including implementation of frequent and timely budget adjustments to align revenues and expenditures." Fitch Ratings further said: "Financial operations are conservative, and the state maintains a well-funded rainy day fund. The state took repeated action during the course of the recession to address projected budget gaps, including raising tax revenues, cutting spending, and using rainy day and other balances."

Debt Policies and Debt Burden

In the case of all three rating agencies, the State's debt affordability guidelines and rapid amortization of debt are considered credit strengths and help offset concerns the rating agencies have regarding the State's debt burden. According to Fitch, [t]he burden of Maryland's total tax-supported debt is moderate, and its strong and centralized debt management remains a credit strength." Fitch specifically highlights the State's debt affordability policies and the

constitutional requirement to amortize debt within 15 years. Moody's states the constitutional limit "somewhat offset[s] the credit impacts of a high debt burden." The Capital Debt Affordability Committee is referred to as having a positive role in debt management by both Moody's and Standard & Poor's, with Standard & Poor's stating "the clearly defined debt affordability process" has a positive stabilizing effect on the State's debt profile and "[s]till-moderate debt burden across all measures.

Economy

In assigning its 'AAA' long-term rating and stable outlook, Standard & Poor's said: "The rating reflects what we view as the state's: Broad and diverse economy, and; High wealth and income levels." Standard & Poor's further states: "The stable outlook on Maryland reflects our view of the state's proactive budget management in recent years and the economic recovery underway, although recent revenue growth has been hampered by events at the federal level." Fitch notes "the state has a diverse, wealthy economy, benefiting from its proximity to the nation's capital", and observed Maryland's "diverse and wealthy service-oriented economy remains a source of credit strength," citing lower than national unemployment and high personal income as strengths of the Maryland economy.

Each rating agency cites ties to the federal government as both benefits and risks to Maryland's economy. Moody's noted that there has been a decline in federal employment due to sequestration yet "the employment impacts on the state are less severe than nationwide." Standard & Poor's noted "[w]hile federal fiscal policy remains a challenge to the state's budget and long-term financial plan, we believe that Maryland continues to monitor developments and has options to mitigate this risk based on its well-developed budget policies and financial reserves." In assessing the State's economy, Fitch indicated "[t]he state's economy has long benefited from proximity to the nation's capital, although the prospect of federal budget austerity poses a degree of uncertainty for the state's large federal agency presence and associated private contracting."

Pension and other liabilities

Pension reforms enacted during the 2011 Legislative Session, the teacher pension sharing enacted during the 2012 Legislative Session, and the phase-out of the corridor funding method that was enacted during the 2013 Legislative Session are noted by each of the three rating agencies. On the topic, Fitch Ratings stated "Despite pensions being a comparative credit weakness, the state has taken multiple steps to reduce their burden and improve sustainability over time." Moody's indicated "[t]he financial condition of Maryland's retirement system represents a credit challenge for the state" but goes on to recognize that "[t]he state has taken a number of measures to reduce its pension burden." Standard & Poor's indicated "[t]he state's below-average pension funded ratios continue to represent downside risk to the rating."

The State Treasurer's Office provides information about the State's ratings reports for each bond sale to all members of the General Assembly. Current reports are also available on the Treasurer's website at www.treasurer.state.md.us.

General Obligation Bonds

Since our last report to this committee, the State has conducted one General Obligation bond sale;

- The 2015 General Obligation Bond, Second Series was sold on July 16, 2015 and totaled \$500,000,000. The proceeds were used to finance new projects. The sale closed on August 3, 2015 and had two series:

Series A: \$450 million in Tax-Exempt Bonds sold on a competitive basis primarily to institutions

Series B: \$50 million of Taxable Bonds

The Series A bonds provided \$450.0 million, at a TIC of 2.83%, to finance investments in capital projects critical to our State. Series B provided \$50 million, at a TIC of 1.36% to finance loan programs and other capital projects with the potential to benefit non-governmental entities. In addition, the State received a premium of \$45,918,725 to offset FY 2016 debt service costs.

Leases

The Capital Lease-Financing Program allows State agencies to acquire equipment and pay for those items over a three, five, or ten year time frame. Between June 1, 2015 and November 30, 2015, \$2,728,504 in capital equipment was leased by State agencies through the State Treasurer's Office, leaving a current balance of \$26.9 million authorized by the Legislative Policy Committee for equipment lease-purchase financing through June 30, 2016.

The Treasurer's Office also finances Energy Performance Leases in cooperation with the Department of General Services, providing funding for energy conservation improvements at State facilities. The program finances significant up-front investments in conservation projects; the lease is paid using the savings in operating costs. The State closed on a \$5,282,358 energy lease on November 13, 2015 to finance improvements at six Department of Juvenile Services' facilities. A total of \$44.7 million remains of the \$50 million authorized by the Legislative Policy Committee for energy performance lease-purchase financing through June 30, 2016.

Upcoming Financing Plans

The next General Obligation tax-exempt financing, projected to total approximately \$500 million, is planned for March, 2016. The State Treasurer's Office will consider whether a retail component will be offered in light of market conditions. Throughout the year, the Office monitors interest rates to gauge refunding opportunities that meet present value savings criteria in debt policy. If these benchmarks are met, refunding bonds could also be issued in March.

Status of the Annuity Bond Fund

Debt service on General Obligation Bonds is paid from the Annuity Bond Fund, and the primary source of revenue for this Fund is the State's real property tax receipts. Over the years, however, the debt service has also been supported on occasion by appropriations from the General Fund, as well. The Commission on State Debt met and released its annual report on April 15, 2015. In FY 2016, \$252.4 million is appropriated from the General Fund to support debt service. Assuming current property tax rates are maintained and other assumptions remain as currently estimated, a continued General Fund subsidy is projected for FY 2017 - 2020. The complete Commission on State Debt report is available on the Treasurer's website at: <http://www.treasurer.state.md.us/debtmanagement/csd-reports.aspx>

Fiscal Year	2016	2017	2018	2019	2020
Beginning Balance	\$ 130,012,667	\$ 1,826,473	\$ 2,378,594	\$ 2,633,683	\$ 2,812,996
Property Taxes	740,839,457	757,151,628	767,699,397	779,234,132	798,714,985
Bond Premium	30,000,000	-	-	-	-
Other Revenues	20,992,968	21,158,530	21,318,247	21,642,225	20,753,351
General Fund	252,400,000	416,000,000	473,000,000	495,000,000	539,000,000
Debt Service	(1,124,025,619)	(1,193,758,037)	(1,261,762,555)	(1,295,697,044)	(1,359,092,289)
Capital Projects	(48,393,000)	-	-	-	-
Ending Balance	\$ 1,826,473	\$ 2,378,594	\$ 2,633,683	\$ 2,812,996	\$ 2,189,043

Capital Debt Affordability Committee (CDAC)

General Obligation Recommendation

At its final meeting on September 30, 2015, the Committee reviewed its assumptions on revenues, personal income, interest rates, debt issuance, debt service and bond authorizations. The Committee believes that these variables have been estimated prudently. The personal income and revenue estimates reflect the most recent forecast by the Board of Revenue Estimates in September 2015. At this meeting, the Committee considered several options for a recommended amount of new general obligation debt to be authorized. On a motion made by the Secretary of the Department of Budget and Management, the Committee approved a recommendation of \$995 million for new general obligation authorizations to support the FY 2017 capital program. The vote was 4-1, with the Treasurer voting against the proposed amount.

The Committee approved a recommendation of \$995 million for new general obligation authorizations to support the FY 2017 capital program. The vote was 4-1, with the Treasurer voting against the proposed amount.

In addition to determining and recommending a prudent affordable debt authorization level for the coming year, the Committee also sets out planning assumptions for the State to use in its capital program planning process. The Committee reviewed several options that were projected to maintain debt affordability ratios within the CDAC benchmarks of 4% debt outstanding to personal income and 8% debt service to revenues. Again, on a motion made by the Secretary of Budget and Management, in support of that motion, the committee voted to maintain the authorization at \$995 million in future fiscal years. The vote was 4-1, with the Treasurer voting against the proposal commenting that the role of the Committee was to recommend an affordable authorization level while the role of the General Assembly was to balance the needs of the State. The Treasurer also noted that by maintaining the 3% growth level instituted by the Committee in 1992, the debt outstanding would remain within the CDAC affordability benchmarks. The affordability analysis presented at the Committee’s meeting illustrate that, based on the Committee’s historical projection of 3% annual growth in General Obligation Bond authorizations, debt service will continue to be within the affordability guidelines going into the future.

Projected Affordability Ratios-Baseline

Fiscal Year	4% Debt Outstanding to Personal Income	8% Debt Service to Revenues	Fiscal Year	4% Debt Outstanding to Personal Income	8% Debt Service to Revenues
2016	3.45%	7.28%	2021	3.47%	7.60%
2017	3.52%	7.56%	2022	3.46%	7.79%
2018	3.52%	7.84%	2023	3.39%	7.94%
2019	3.50%	7.73%	2024	3.33%	7.83%
2020	3.48%	7.59%	2025	3.26%	7.84%

Projected Affordability Ratios with \$995 million Annual Authorization

Fiscal Year	4% Debt Outstanding to Personal Income	8% Debt Service to Revenues	Fiscal Year	4% Debt Outstanding to Personal Income	8% Debt Service to Revenues
2016	3.45%	7.28%	2021	3.30%	7.48%
2017	3.51%	7.56%	2022	3.23%	7.59%
2018	3.49%	7.84%	2023	3.11%	7.65%
2019	3.44%	7.71%	2024	2.99%	7.42%
2020	3.37%	7.53%	2025	2.86%	7.30%

The Committee recognizes that there are multiple annual authorization levels and patterns that would result in adherence to the benchmarks, depending on future levels of personal income and State revenue. The Committee's planning assumptions for future authorizations will be

reviewed in preparation for the 2016 report in light of updated revenue and personal income projections and authorization levels may be adjusted to adhere to these affordability benchmarks.

Academic Facilities Bonds Recommendation

Based on its review of the condition of State debt in light of the debt affordability guidelines, the Committee recommended a limit of \$22.0 million for new academic facilities bonds for the University System of Maryland for fiscal year 2017. The Committee did not receive any requests for new issuances for Morgan State University, St. Mary's College of Maryland or Baltimore City Community College and therefore made no recommendations for these institutions.

The 2015 Capital Debt Affordability Report and the 2015 meeting materials are available on the State Treasurer's website at: <http://www.treasurer.state.md.us/debtmanagement/cdac-reports.aspx>

INSURANCE DIVISION

The Insurance Division is responsible for administering the State's Insurance Program which includes both commercial insurance and self-insurance. Commercial insurance policies are procured to cover catastrophic property and liability losses and other obligations derived from State contracts, statutes and regulations. Among the several exposures covered by commercial policies are State-maintained toll bridges, tunnels and roads, the Baltimore Washington International Thurgood Marshall Airport, the Port of Baltimore, Maryland Transit Administration liability, assorted professional liability exposures, and student athlete accident insurance. The State self-insures a significant portion of its exposures and maintains the State Insurance Trust Fund to pay claims and the costs associated with handling those claims. Self-insurance coverage includes State-owned real and personal property, vehicles, and liability claims covered under the Maryland Tort Claims Act.

The Insurance Division has three Units: Underwriting, Loss Prevention, and Claims, which includes Tort Litigation. The Division's goal is to provide statewide risk management through loss protection (Underwriting), loss control (Loss Prevention), and loss restoration (Claims and Tort Litigation).

The Insurance Division collaborated with The Office of the Attorney General and two vendors to host two State Insurance Program workshops in September. The target audience included insurance coordinators, risk and safety managers, facilities and plant managers and other key stakeholders within the State. The agenda incorporated property insurance, liability for the acts of State personnel, what to do when an accident or natural disaster occurs, how to reduce the impact of future losses, and fiscal stewardship relative to the State Insurance Trust Fund. This meeting was offered in advance of the tort cap increase effective October 1, 2015, to advise agencies of the impact of the pending change.

Underwriting Unit

The Insurance Division procures broker services for the purchase of commercial insurance to protect the State Insurance Trust Fund from catastrophic loss, to meet statutory or regulatory requirements, and for compliance with agency contractual agreements. Underwriting highlights for the past six months include the following:

- The Maryland Transit Administration's (MTA) excess liability coverage was renewed effective July 1, 2015. The ridership was up ½% and the renewal rate was basically flat making the MTA's renewal increase only \$67;
- The MTA's rail car property coverage was renewed effective July 1, 2015. The rail car values increased by 4%, and their renewal premium rose by \$20,649 over prior period which was a direct result of the increase in values;
- The Allied Health professional liability coverage for student interns was renewed with no coverage change effective September 1, 2015. The number of students insured decreased by 161, saving the participating schools \$11,870;

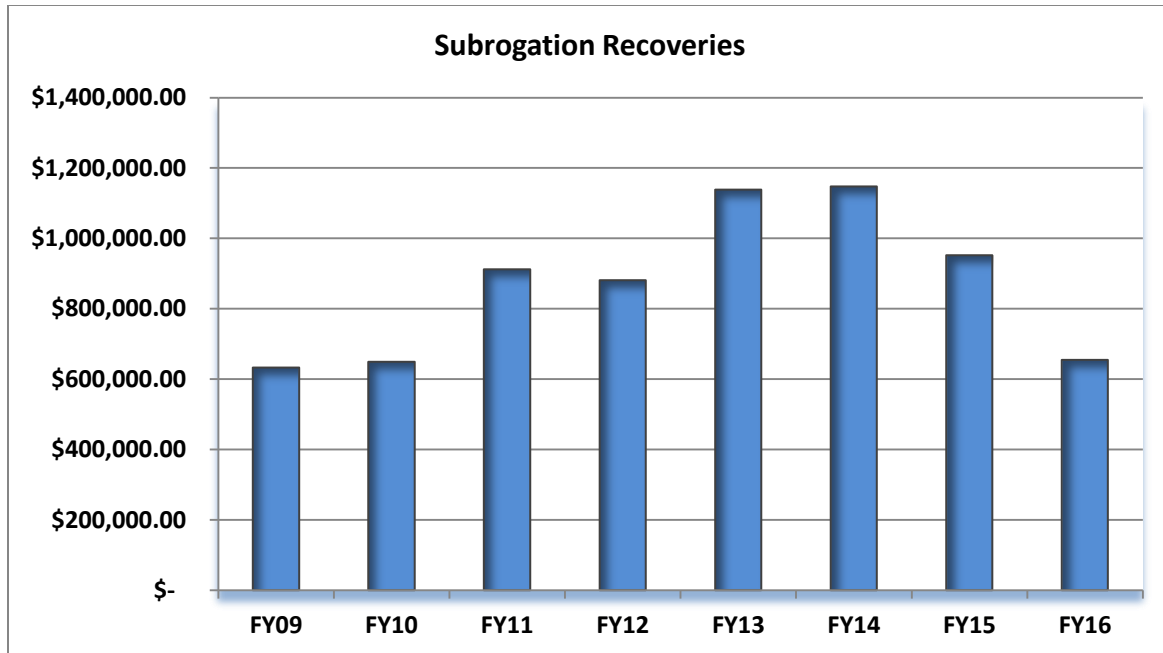
- The statewide Boiler and Machinery coverage was renewed effective September 30, 2015. We stayed with the incumbent carrier and maintained our 20 days of infrared testing and three statewide carrier training classes per year. With substantial value increases, the premium rose proportionally by \$31,871;
- The law clinic professional liability coverage for the University of Maryland, Baltimore and University of Baltimore was renewed effective October 10, 2015, with no rate or coverage changes; and
- The three terrorism policies providing coverage for State-owned property exposures was renewed October 13, 2015, with the same coverage and limits. One policy renewed at the same premium, and the two other policies, which had value increases, renewed with a **savings of \$161,553**.

Claims Unit

The Insurance Division's Claims Unit investigates and resolves claims filed by private citizens under the Maryland Tort Claims Act for property damage and personal injury. The Unit also handles claims for damage to State-owned property arising from sudden and accidental perils such as collision and comprehensive losses to autos, and a number of other perils such as fire, hail, lightning, and wind which may cause damage to State structures, equipment, and contents.

In addition to adjusting claims filed under the Maryland Tort Claims Act, the Unit is also charged with recovering the cost of damage to State automobiles and property caused by others. This subrogation recovery process helps to offset State Insurance Trust Fund liabilities and positively affects the Fund's solvency. Since 2007, the Claims Unit has renewed its focus on increasing subrogation recoveries by designating specific claims personnel to pursue these debts.

Year-to-date subrogation recoveries for FY 2016 totals \$654,681. The current subrogation recoveries are on track to meet or exceed the \$1 million target. This is a continued area of focus and is a priority within the Claims Unit. The total recovery for 2015 was \$952,428.83 which was just short of the \$1 million objective, but fell short of the prior fiscal year's collections by 17.0%. The total recovery for FY 2014 was \$1,147,263, which surpassed both FY 2013's recovery total of \$1,138,168 by 0.8% and FY 2012's recovery total of \$880,929 by over 30.2%.



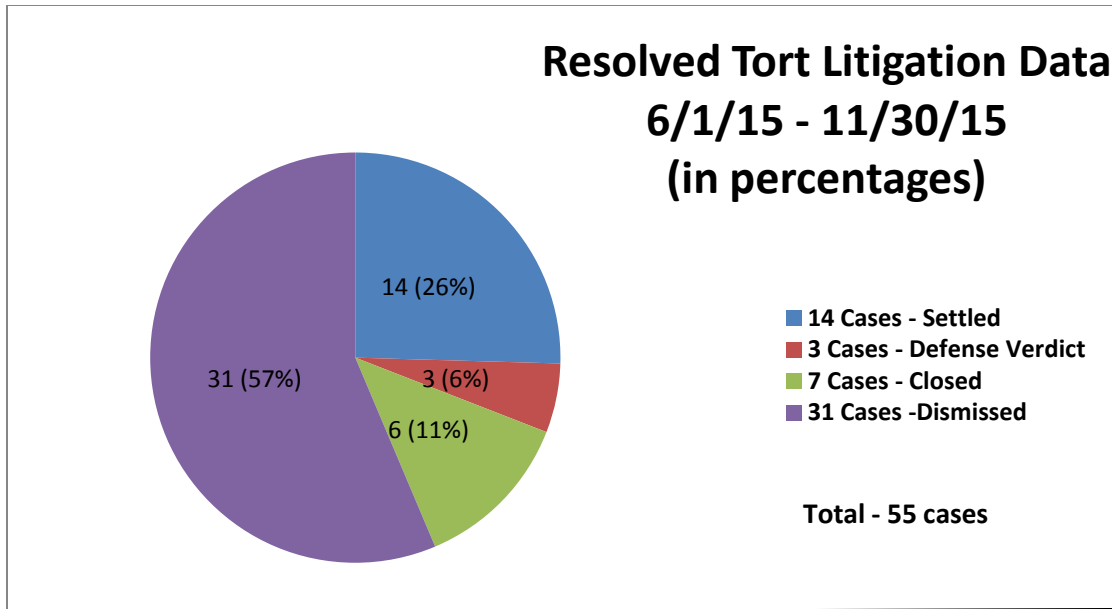
Tort Litigation Management

The Litigation Manager works closely with the Office of the Attorney General to resolve cases in litigation proactively. The Litigation Manager investigates, evaluates and extends settlement authority on behalf of the Treasurer to the Office of the Attorney General. In cases valued over \$200,000, the Litigation Manager briefs the Insurance Review Committee which includes the Chief Deputy Treasurer, the Director of the Insurance Division, the Deputy Director of the Insurance Division, the Supervising Tort Attorney, and other stakeholders requesting settlement authority.

Settlement costs for the period of June 1, 2015 – November 30, 2015 total \$633,551.62 compared to settlement costs of \$768,278.52 for the same time period of the previous year (June 1, 2014 – November 30, 2014), which reflects an 18% decrease in actual litigation dollars spent (expenses not included).

The Litigation Manager also attends settlement conferences and other court mandated activities and provides periodic updates on the status of certain litigation claims of interest. The Litigation Manager provides feedback to adjusters during the discovery process, upon resolution to help improve the adjusters’ investigation, and assists with developing strategies to prevent similar claims from recurring.

The Tort Unit handles a rolling docket of approximately 110 - 120 litigation claims. The Litigation Manager actively monitors trial verdicts and appeals and assesses the potential impact on the State Insurance Trust Fund. The Litigation Manager also analyzes the data in order to track the litigation outcomes. The disposition of the cases between June 1, 2015 and November 30, 2015 is noted in the following table:



Loss Prevention Unit

The aim of the Loss Prevention Unit is to help State agencies develop specific action plans and safety practices to mitigate or eliminate the most frequent or severe sources of preventable losses.

Monthly loss reports are distributed to the agencies and universities with the highest claims frequency. Meetings are arranged with various representatives within the agencies to discuss their loss prevention programs and mitigation strategies.

Topics include preventive maintenance, pre-loss activities related to weather events, freeze-up prevention, contractor management, facility self-audit inspections, and fire protection impairment programs. State agencies and universities visited over the last several months include Department of Health and Mental Hygiene (Public Health Laboratories Administration), Department of Natural Resources, University of Maryland Baltimore County and University of Maryland College Park. Risk topics discussed with the Universities also include strategies aimed at protection of expensive research and lab equipment from losses generated as a result of power outages and water damage.

Due to the increase in road hazard and State Highway claims, several meetings were held with various SHA District that included both the Loss Prevention and Claims Units. As a result, in September 2015, the Loss Prevention and Claims Units participated in the State Highway Administration’s Annual Highway Maintenance Seminar. The presentation included loss data pertaining to preventable incidents, recent trends and risk improvement strategies resulting in improved communication and procedures between the Insurance Division and State Highway District Shops.

The Treasurer appreciates the opportunity to provide this Report to the Legislative Policy Committee on a regular schedule. A copy of this Report is also available on the State Treasurer's website: www.treasurer.state.md.us. If the Committee or its members would care to pursue further these or other STO developments, or any other aspects of the Treasurer's activities, please call the Treasurer at (410) 260-7160 or Chief Deputy Treasurer Bernadette T. Benik at (410) 260-7390.

Part IV
Proposed Revisions to *Maryland General*
Assembly Personnel Guidelines

Department of Legislative Services
Annapolis, Maryland

December 2015

**Maryland General Assembly
Personnel Guidelines
Summary of Major Changes (12/15/15)**

New language is highlighted in the document

1. Page 1 – Updated EEO statement
2. Page 3 – Revised ‘Contractual employee’ definition to mirror that of ‘Temporary Employee’
3. Page 3 – Revised ‘Desk Officer’ description
4. Page 7 (previously) – Deleted ‘C. Certification of Benefited Positions’ – each member has a benefited member-funded position, no need to certify – outdated practice

“C. Certification of Benefited Positions

Certain positions for legislative employees shall be as specified in the State budget and approved by the Maryland General Assembly. Other benefited full-time or benefited part-time positions that are funded to any extent from a member account may be established with the written approval of the Presiding Officer. To be considered, the Presiding Officer must receive these requests in writing from the member *or* members whose accounts will be affected by the establishment of the new position. The Human Resources Office is responsible for retaining all certifications of employment.”

5. Page 8 – First full paragraph deleted. Health subsidy information outlined in Benefits section. Last sentence of that paragraph moved down the page to D. Position Responsibilities
6. Page 11 – Added that employees must work a regular, established schedule
7. Page 13 – No Bonus Payments section revised
8. Page 15 - Benefits and Services – modified chart to include information regarding contractual employee subsidy
9. Page 16 – COBRA - removed sentence: “Applications for COBRA coverage are available from the Human Resources Office.”
10. Page 16 – Deferred comp updated
11. Page 17 - Health Benefits – updated general health information to include contractual and dependent eligibility requirement
12. Page 18-19 – Pension System – added optional membership for MGA employees in accordance with SB 560/15 (Chapter 182); reworded the death benefit for clarity
13. Page 23 – Revised definition of comp leave
14. Page 24 – updated definition of Military Leave

15. Page 24-25 – added definition of Accident Leave
16. Page 31 – Emergency Contact – 911; used to have to dial 9-911
17. Page 32 – Add e-cig blurb
18. Page 35 – Added pet policy
19. Page 39 – Fact Sheet updated
20. Page 59 – MGA Internet and Email policy updated
21. Page 61-64 – Anti-Harassment Policy contacts updated

Certificate of Understanding for Employees

This statement ** certifies that I have received a copy of the Maryland General Assembly Personnel Guidelines, which include the Anti-Harassment Policy and Procedures, the Substance Abuse Policy, and the Internet and E-Mail Guidelines, and I agree to familiarize myself with the information contained in the Maryland General Assembly Personnel Guidelines.

I understand that the material included in these Guidelines represents many of the Maryland General Assembly's work rules and conditions of employment. I also understand that the practices and benefits described in these Guidelines are subject to modification or deletion at the discretion of the Maryland General Assembly. I further understand the concept of "employment at-will" and that there is no expressed or implied contract of employment between the Maryland General Assembly and myself.

Employee Signature

Date

Employee Name (Printed)

**Please sign both copies of this acknowledgment and keep one copy for your records.

Maryland General Assembly Personnel Guidelines

Issued January 1, 2016

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I. Introduction

These Maryland General Assembly Personnel Guidelines have been prepared as an introduction to the personnel policies and procedures of the Maryland General Assembly and are to be used as a resource by the Maryland General Assembly staff when they have questions about the personnel practices and procedures of the General Assembly. These Guidelines have been adopted by the Legislative Policy Committee of the Maryland General Assembly and remain in effect until amended or repealed.

The information contained in these Guidelines applies only to legislative employees of the Maryland General Assembly. **These Guidelines are presented as a matter of information only and are not, nor are they intended to be, a contract between the General Assembly and any employee. This handbook is a summary compiled for the convenience of legislative employees. The President and Speaker have the final authority to implement, administer, and enforce these Guidelines, may review any personnel decision made by a member, and reserve the right to respond to specific situations in the manner that best serves the Maryland General Assembly.**

Please read these Guidelines carefully and keep them available for future reference. One of your responsibilities as an employee is to be familiar with the contents of these Guidelines.

If you have any questions about these Guidelines, contact the Human Resources Office in Room 311 of the Legislative Services Building.

Please note that these Guidelines are not all inclusive. From time to time, there will be changes to them. The Maryland General Assembly reserves the right to change any of its policies, including those covered here, at any time. These Guidelines supersede all previous Maryland General Assembly Personnel Guidelines.

It is the policy of the Maryland General Assembly that all personnel practices will be made and administered on the basis of merit without regard to age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability. Consideration will be given to providing reasonable accommodation of disabilities requested by persons who are able to perform the essential functions of the position.

II. Definitions

In these Guidelines, the following words have the meanings indicated:

- A. **Benefited Full-time Legislative Employee:** an employee who works for the Maryland General Assembly, is employed on a year-round basis with a normal workweek consisting of five (5) days of at least forty (40) work hours, receives benefits and is certified as a Benefited Full-time Legislative Employee by the Presiding Officer(s) pursuant to these Guidelines. Except as otherwise indicated, the term also includes legislative employees in positions to which they are directly appointed by the Presiding Officer(s). These employees are paid on the regular payroll of the State of Maryland.
- B. **Benefited Part-time Legislative Employees:** an employee of the Maryland General Assembly who is not certified as a Benefited Full-time Legislative Employee but who works at least 130 days per year with work hours totaling at least 1040, receives benefits, and is certified as a Benefited Part-time Legislative Employee by the Presiding Officer(s) pursuant to these Guidelines. These employees are paid on the regular payroll of the State of Maryland.
- C. **Certification:** approval given by the Presiding Officer(s) to hire a legislative employee and place that employee on the payroll of the Maryland General Assembly.
- D. **Contractual Employee:** a legislative employee who is not certified as either a Benefited Full-time or Benefited Part-time employee; who is hired for a short-term project or specific period of time; and whose salary is paid out of member account funds or Maryland General Assembly funds on the contractual payroll of the State of Maryland.
- E. **Department of Legislative Services (DLS):** the nonpartisan, professional staff agency to the General Assembly, which, for the most part, is housed in the Legislative Services Building. The Human Resources Office and the Finance and Administrative Services Office are part of this Department.
- F. **Desk Officers:** officers appointed to the Office of the Secretary of Senate by the President of the Senate and the Office of the Chief Clerk by the Speaker of the House; to perform duties necessary to ensure that legislation meets constitutional requirements in the respective Houses.
- G. **Finance and Administrative Services (FAS):** a part of the Department of Legislative Services with offices located on the third floor of the Legislative Services Building, responsible for all financial services in the Department and the General Assembly, including accounts payable and receivable, budgeting, fiscal planning and reporting, procurement, facilities management, and telecommunications. The office is also responsible for mail pickup and delivery and distribution of legislative bills, hearing

schedules, and other legislative documents, as well as a subscription mailing service, a customer “bin” pickup service, and a centralized FAX service.

- H. Guidelines:** these Maryland General Assembly Personnel Guidelines.
- I. Human Resources Office (HR):** a part of the Department of Legislative Services with offices located on the third floor of the Legislative Services Building, responsible for personnel activities for the employees of the Department and for the Maryland General Assembly. Specific functions include recruitment, retirement, training and orientation, benefits coordination, records processing, payroll, and related activities required to maintain personnel services. This unit also coordinates the General Assembly’s Page and Intern Programs, which provide opportunities for students from Maryland high schools and colleges to participate in the work of the legislature.
- J. Legislative Employee:** a person who is employed by the Maryland General Assembly and whose position is funded in the annual General Assembly budget or by a legislator from his or her member account or by any combination of these funding sources. For purposes of these Guidelines, this term does not include students in the Page and Intern Programs, persons employed by the Department of Legislative Services (DLS), or employees working on a contractual basis for a member of the Maryland General Assembly.
- K. Legislator:** any Senator or Delegate who has been sworn in as a member of the Maryland General Assembly and is currently serving in office.
- L. Maryland General Assembly (MGA):** the Legislative Branch of State Government which comprises the Senate and the House of Delegates.
- M. Member:** a Legislator currently serving in the Senate of Maryland or the House of Delegates.
- N. Member Account:** the funds allocated for each member of the Maryland General Assembly in the annual budget. A member may use these funds to maintain an office in that member’s district and for any other expenses that are authorized pursuant to the “Guidelines for Compensation and Expenses for Legislators.”
- O. Presiding Officer(s):** the President of the Senate and the Speaker of the House of Delegates.
- P. President:** the Presiding Officer of the Senate of Maryland.
- Q. Speaker:** the Presiding Officer of the House of Delegates of Maryland.

- R. Supervising Member(s):** any legislator(s), other than the Presiding Officer(s), who is responsible for recommending the appointment or dismissal of a legislative employee and who supervises the performance of duties by that legislative employee. A supervising member may delegate this authority to a staff person.
- S. Temporary Employee:** a legislative employee who is not certified as either a Benefited Full-time or Benefited Part-time employee; who is hired for a short-term project or specific period of time; and whose salary is paid out of member account funds or Maryland General Assembly funds on the contractual payroll of the State of Maryland.

III. Employment Policies

State legislatures are unique and have developed over time to reflect the needs, experience, and expectations of their constituents. Because of this culture, job descriptions for positions in the Maryland General Assembly are broad and varied. Members are permitted to hire staff to meet their needs, both in the district office and the Annapolis office. The range of skills and the volume of work varies with the individual member, reflective of the citizen legislature created by the Maryland Constitution.

A. Employment “At-will”

All positions in the General Assembly are “at-will” positions. Neither employer nor employee has a contractual agreement with each other. Employment may be terminated at any time without cause and without prior notice. The needs of the Maryland General Assembly typically fluctuate, both seasonally and as a consequence of election results. Continued employment of any Maryland General Assembly employee is also contingent upon the employee’s job performance, budgetary requirements, and the continuing service of the supervising member(s).

B. Employment of Relatives

A member is prohibited from employing for legislative business his or her own relatives or the relatives of another member from the same legislative district, if the employee is paid from State funds over which the member has direct control, unless the person is needed to assist a legislator who has a physical impairment.

C. Authorization to Hire

Members must provide written authorization to the Human Resources Office to place an employee on the payroll. The authorization must indicate whether the position is a benefited or non-benefited position. All newly hired benefited full-time and benefited part-time employees must appear in the Human Resources Office in Annapolis to process employment forms and to be placed on the payroll before commencing work. All new employees, benefited or non-benefited, are required by Federal regulation to file a W-4 form (tax obligation) and an I-9 form (Employment Eligibility Verification) at the time of employment. Under the Immigration Reform and Control Act of November 6, 1986, employers are required to verify that all new employees are either United States citizens or aliens authorized to work in the United States. Consistent with this law, employment in the Maryland General Assembly will be contingent upon the completion of the I-9 form and the ability to provide the necessary documents of citizenship and work authorization.

Two or more members of the House of Delegates may employ a benefited full-time or benefited part-time employee only if:

- the members are elected to represent the same Legislative District or they share the same office suite or district office; and
- each member agrees to pay the employee the same daily rate.

In a gubernatorial election year, the Finance and Administrative Services Office reserves one-half of each member's district office funds pending the outcome of the election. If an employing member does not return to office, employment of the member's staff is terminated on December 31 of the election year.

D. Position Responsibilities

Positions may be available in leadership offices and administrative offices of the Senate or House, Senate and House committees, delegations, and member offices. Due to the number of offices and differences in the legislative districts, there are no standard job descriptions. For guidance, sample job titles and duties are listed below:

Receptionist/Legislative Clerk

Employees in these positions perform basic legislative and clerical functions.

Job Duties

- Greet the general public and other staff and assist them with their questions or concerns
- Perform basic computer functions
- Perform standard office duties
- Answer and direct telephone calls to appropriate persons; take accurate messages
- Open and sort mail
- Prepare sign-up sheets for bills scheduled for hearings
- Receive and distribute testimony for bill hearings
- Duplicate materials as needed
- Make and label bill files
- File copies of bill testimony and other legislative materials
- Provide backup assistance to other staff
- Perform other duties as required

Legislative Secretary

This intermediate-level position requires more advanced legislative and technical skills. Employees in these positions must have excellent writing skills to compose testimony and prepare speeches.

Job Duties

- Perform legislative clerk responsibilities
- Perform advanced computer functions
- Record data on legislation and amendments
- Maintain supervising member's calendar, schedules, appointments and meetings
- Compose correspondence and prepare for signature
- Respond to constituent inquiries
- Track pending legislation for supervising member(s)
- Prepare resolutions
- Attend hearings for member
- Prepare position letters for member
- Perform more complex duties as required

Committee Assistant

This advanced legislative position requires a high level of legislative and technical skills. Committee assistants are administrators to the full committee and any subcommittees created by the legislature. The committee assistants work very closely with Committee Chairs, Senators, Delegates, and Department of Legislative Services' analysts assigned to the committee and with staff to other committee members. Staff will work comprehensively with the MAPPER computer system.

Job Duties

- Perform general office duties with proficiency
- Assist in hiring, training, and assigning work to support staff
- Track and maintain accurate priority actions for member/committee analyst
- Prepare research and compile information for legislation
- Review legislative initiatives and assess the impact of proposed legislation
- Manage and resolve constituent issues
- Correspond with general public and various government agencies
- File amendments

- Attend legislative hearings, record votes, and keep hearings running smoothly
- Perform legislative duties as assigned by chairman

-

Administrative Aide

These advanced legislative positions require a thorough understanding of the legislative environment and advanced knowledge of the legislative process. Employees in these positions need exceptional problem-solving skills and the ability to work cooperatively with composure under time constraints, as well as respond to the multiple demands of legislative staff, the public, and other individuals. Administrative aides work very closely with Committee Chairs, Senators, Delegates, and Department of Legislative Services' analysts assigned to the committee and with staff to other committee members.

Job Duties

- Perform legislative secretarial duties
- Interview, hire, train, and assign work to support staff
- Plan and arrange committee meetings/hearings, including committee site visits and retreats (if assigned to a committee)
- Prepare research and compile information on legislation
- Review legislative initiatives to assess the impact of proposed legislation
- Manage and resolve constituent issues
- Correspond with constituents and government agencies
- Perform other duties as required

IV. Salary Policies

A. Benefited Employees

To qualify as a benefited full-time employee, employees must work the following schedule:

- 260 days per year or 100% on an annual basis, 5 days per week, 8 hours per day

To qualify as a benefited part-time employee, employees must work the following schedule:

- 130 days per year or 50% on an annual basis with a minimum of 40% (2 days per week) during the legislative interim

Employees must work a regular, established bi-weekly schedule during the legislative session and the interim. To ensure proper payroll reporting, the supervising member must submit, in writing, to the Human Resources Office the planned session and interim work schedule for all employees.

B. Funding

Salaries for legislative employees are funded through:

- the Maryland General Assembly budget process for Maryland General Assembly-funded employees, or
- the member account for member-funded employees

MGA-funded benefited employees are funded in the annual budget. The salary for each newly hired Maryland General Assembly-funded employee is approved by the respective Presiding Officer upon submission of a request from the supervising member. Salary increases for these positions are granted solely at the discretion of the Presiding Officer(s) and increases are generally considered during the annual budget cycle. These employees may not receive cash payment for any time worked in excess of an 8-hour day or a 40-hour week; however, they may earn compensatory leave for extra hours worked in accordance with compensatory leave policy (see page 21 - Compensatory Leave section).

Member-funded benefited employees are funded through a member account. The salary of a newly hired member-funded employee is set by the supervising member(s) after determining that funds are available in the member account. Any additional increases are granted at the discretion of that member. The employee may receive payment for additional full days (an 8-hour day) worked only if:

- the supervising member notes and initials to approve extra days worked on the employee timesheet for the period and the Finance and Administrative Services Office certifies that sufficient funds are available in the member account.

A request for additional compensation must be submitted to the Human Resources Office within two pay periods of the extra days worked. Member-funded benefited employees may receive payment for **extra days** worked for the **current pay period or two prior pay periods** only. Employees may not receive bonus payments. Pay increases may, at times, be subject to the approval of the Presiding Officers.

MGA-funded temporary session employees are paid a per diem rate. However, those who work during the legislative session may be authorized by the Presiding Officer(s) to receive cash payment for extra days worked immediately preceding and immediately following the Legislative Session. Due to the irregular schedule and workload of the Maryland General Assembly, legislative employees are occasionally expected to work extended hours during session without additional compensation.

C. Time Records

All benefited employees and certain non-benefited employees, as directed by the Human Resources Office, shall complete and submit bi-weekly timesheets to the Human Resources Office following the pay period closing date. It is each employee's responsibility to ensure that timesheets are completed accurately and honestly and submitted to the Human Resources Office. Failure to do so in a timely manner may result in loss of leave and benefits. ***Employees shall not prepare or sign timesheets for other employees. Misrepresentation on a timesheet of the amount of time worked is a serious matter, which may result in disciplinary or legal action.***

Each timesheet must be approved by the supervising member(s) or by the designee of the Presiding Officer(s). Signature stamps and signatures other than those of the authorized persons mentioned above are not acceptable. Members or supervisors may not sign blank timesheets in advance of the time worked.

During the interim, employees who work in Annapolis may have their timesheets approved by a staff person designated by the Speaker or President when the supervising member is not available.

When completing timesheets, hours must be reported in not less than half hour increments. For example, employees may register 5.5 hours (five and one half hours), but not 5.3 hours.

A sample timesheet is included on page 33 of these guidelines.

D. No Bonus Payments

Legislative employees may **not** receive bonus payments from any legislative funding source at any time, **except as provided in the State budget.**

E. Pay Schedule

Legislative employees are paid bi-weekly (every two weeks). A bi-weekly payroll runs from Wednesday through the second following Tuesday.

Salary checks are mailed to the employee's address on file with the Human Resources Office the week following the pay period closing date. A schedule of pay dates is available from the Human Resources Office. Employees should advise the Human Resources Office of any change in address.

F. Direct Deposit of Pay

Direct deposit of payroll checks to a checking account or other banking account is standard for all legislative employees. Each new employee must complete a direct deposit form, which is available from the Human Resources Office.

Upon submission of the direct deposit form to the Central Payroll Bureau, enrollment may take up to six weeks to process. According to Central Payroll Bureau procedures, employees enrolled in the direct deposit program who are making a change in banking institutions will receive a paycheck before direct deposit to the new institution is initiated.

G. Payroll Online Service Center (POSC)

The Comptroller's Office and the Central Payroll Bureau administer the Payroll Online Service Center (POSC). Employees enrolled in POSC can access their pay stub information electronically by visiting <http://compnet.comp.state.md.us/cpb>. Employees who do not have access to a personal computer and printer should notify the Human Resources Office. This application provides employees with the following online services in addition to the web only access:

- Online pay stub history (12 rolling months)
- Up to 5 years history of year-end pay stub information
- View and print up to 3 years of W-2 information
- Address update capability

- Direct deposit update capability
- W-4 withholding changes

First time users must execute the “sign up” process through the POSC website. Some personalized data and unique information found on the most recent pay stub will be required. Pay stub information received within the last 8 weeks may be used. New employees must receive their first paycheck before enrolling. This process will help you generate a “logon ID and password” that will be used each subsequent time you access the POSC.

A copy of any change made on POSC **must** be submitted to the Human Resources Office.

H. Payroll Deductions

Various payroll deductions are made each payday to comply with federal and State laws pertaining to taxes, insurance, and pension contributions. Payroll deductions are taken in a priority order:

- FICA
- Federal taxes
- State taxes
- Conditions of employment deductions, such as retirement
- Mandated deductions
- Health insurance deductions
- Voluntary deductions

Employees will be supplied with a wage and tax statement (form W-2) for each calendar year. This statement summarizes individual income and deductions for the year. Questions regarding these forms and deductions should be directed to the Human Resources Office.

I. Lost Paychecks

If a paycheck is lost or misplaced, the Human Resources Office should be notified if it has not appeared after 5 business days. A replacement check may take up to 10 business days to be issued.

J. Travel Reimbursement

Generally, legislative employees are not compensated or reimbursed for travel expenses, including mileage, lodging, and food expenses incurred in the performance of their duties.

V. Benefits and Services¹

A. Summary/General/Overview – a brief description of benefits and/or services follows this chart.

Benefit	Benefited F/T or P/T Employees	Contractual Employees
COBRA	Eligible	Eligible
Credit Union (SECU)	Eligible	Eligible
Deferred Compensation Traditional/Roth 401(k) and 457(b)	Eligible	Eligible, but not for State match
Health Benefits	Eligible and subsidized; benefited part-time employees must work at least 50% of a full-time schedule or a minimum of 130 days on an annual basis	If working 30 or more hours a week (or on average 130 hours per month) may be eligible for subsidized health benefits ² ; others may purchase health benefits but must pay full cost plus administrative fee
Leave (see Section VI) ³	Eligible	Not Eligible
Parking--Free Navy-Marine Corps Memorial Stadium and shuttle	Eligible	Eligible
Pension System	Eligible	Not Eligible
Social Security	Eligible	Eligible
Unemployment Insurance	Eligible	Eligible
Workers' Compensation	Eligible	Eligible

The existence of these employee benefits and plans, in and of themselves, does not signify

¹A person performing consulting services on a contractual basis for a member or legislative office is not an employee of the Maryland General Assembly and may not receive any employee benefits. Short-term employees are not eligible for benefits.

²Eligible contractual employees are responsible for paying 25% of the premiums for medical and prescription coverage, including any eligible enrolled dependents. The State of Maryland will subsidize the remaining 75% of the cost for these benefits.

³Because the duties of desk officers are performed primarily during the legislative session, desk officers do not accrue leave.

that an employee will be employed for the requisite time necessary to qualify for these benefits and plans.

B. Consolidated Omnibus Budget Reconciliation Act (COBRA)

If an employee leaves the General Assembly, certain health benefits may be continued under the federal COBRA regulations, provided the former employee pays the total cost of the benefits plus an administrative fee. The State Health Benefits Office will bill the former employee directly. Information on COBRA benefits is available from the Human Resources Office.

C. Credit Union

Legislative employees are eligible to join the State Employees Credit Union of Maryland. Services include savings and checking accounts, loan privileges, IRAs, and payroll deductions for checking, savings, and loan repayments.

D. Deferred Compensation – Traditional/Roth 401(k) and 457(b) Plans

The Maryland Supplemental Retirement Plans are provided by the State of Maryland as an employee benefit available for voluntary participation. These voluntary plans permit eligible employees to defer a limited amount of earnings on a pre-tax basis to a savings plan allowed by Sections 401(k) and 457(b) of the Internal Revenue Code. Also, after-tax Roth 401(k) and 457(b) options are available. These plans are offered through Nationwide Retirement Solutions (NRS), a private financial investment company.

A representative of NRS provides individual employee consultations in Annapolis periodically. The Human Resources Office notifies employees of the consultation dates and schedules meetings for interested employees.

For a period of time, the State has matched the contributions of a benefited employee enrolled in the employee Deferred Compensation plans up to a maximum as provided in the annual State budget. Members of the Maryland General Assembly and temporary employees who join the Deferred Compensation plans are not eligible for a match, if any is approved in the annual State budget.

E. Health Benefits

The Maryland General Assembly participates in the State employee and retiree health and welfare benefits program. Accordingly, the Maryland General Assembly provides the same package of subsidized employee benefit programs for eligible benefited employees as the State provides to Executive Branch employees. Through participation in this plan, the General Assembly provides eligible employees the opportunity to enroll in a variety of benefits through a cafeteria plan under the IRS Code, Section 125, allowing pre-tax premium deductions in the program and tax-free state subsidies. Under this program, the State pays a portion of the health benefit cost for medical (vision), dental, and prescription plans for eligible employees. It also provides the benefit of group rates for term life insurance, long-term care insurance, and accidental death and dismemberment insurance. A pre-tax Day Care and Health Care Spending Account may also be established.

Some contractual employees are eligible to enroll in the same *health* benefits as benefited employees, with the exception of the flexible spending accounts and long-term care insurance. Contractual employees who work 30 or more hours a week (or on average 130 hours per month) may be eligible for *subsidized medical and prescription* coverage for themselves and any eligible enrolled dependents. Contractual employees who do not meet the minimum work requirements may apply for unsubsidized health insurance at a cost determined by the State's Department of Budget and Management. Dental coverage, accidental death and dismemberment insurance, and life insurance are available to contractual employees at full premium costs.

New employees, eligible to participate in the State plans, have 60 days from their hire date to enroll themselves and the eligible dependents they want to cover, and to submit the required documentation. Generally, changes can be made only during annual open enrollment periods, usually during the fall of each year for coverage effective January 1 through December 31. However, changes in family status (birth or adoption, death of a dependent, marriage or divorce, loss of other coverage, etc.) may be made within 60 days of the qualifying event.

Dependent children of an employee may be covered on the employee's benefits coverage through the end of the month in which they reach age 26. Disability certification is required to cover children beyond age 26. Other child relatives are eligible for coverage through the end of the month in which they turn age 25. Employees will be required to provide verification for all dependents to be enrolled in the plan.

Benefits become effective either the first or sixteenth of the month, based on the pay period in which the first deduction is taken. Payroll deductions are taken for all flexible benefit plans for a total of 24 biweekly periods.

Periodically, the State negotiates changes to the benefits package. Consequently, the benefits offered by the Maryland General Assembly are subject to change. Benefits become effective either the first or sixteenth of the month, based on the pay period in which the first deduction is taken. Deductions for all flexible benefit plans are taken out of employees' paychecks for 24 bi-weekly periods each calendar year.

For more information about benefit plans or to obtain forms, contact the benefits coordinator in the Human Resources Office. A full description of eligibility, benefits, and coverage can be found in the State's Guide to Health Benefits, which can be found at <http://dbm.maryland.gov/benefits>.

F. Parking

Free parking at the Navy-Marine Corps Memorial Stadium and shuttle service to the legislative complex are available to Maryland General Assembly employees in the Annapolis area. For further information, contact the Parking Coordinator in the offices of the President of the Senate (ext. 3700) or the Speaker of the House (ext. 3392), as appropriate.

G. Pension System

Regular employees employed by the State prior to 1980 qualify for benefits under the **State Employees' Retirement System**, if they remained in the system.

All regular employees hired after January 1, 1980, become members of the **State Employees' Pension System**. From time to time, the General Assembly may enact legislation changing the retirement and pension systems of the State. Legislation in 2006 created a new component of the State Employees' Pension System: the **Alternate Contributory Pension Selection Plan**. Employees are required to make mandatory contributions. As of July 1, 2011, the annual employee contribution is 7% of earnable annual compensation. Contributions are automatically deducted for active State employees.

Employees hired on or after July 1, 2011, are subject to the **Employees' Reformed Contributory Pension Benefit**. The following chart provides you a summary of the major changes enacted by the Budget Financing and Reconciliation Act of 2011. This summary applies generally but may not address every change or every situation. If you are not sure which system or benefit applies to you, please contact the State Retirement Agency directly. You may also refer to your annual personal statement of benefits that is mailed to your home address annually.

Senate Bill 560 (Chapter 182), which took effect July 1, 2015, provides that membership in the Employees' Pension System is **optional** for certain employees to include an employee of the Senate or House of Delegates. Employees who elect not to participate in the Employees' Pension System must complete Form 60.15 provided by the Maryland State Retirement Agency. Such option is final, binding and irrevocable. Membership is mandatory for all employees serving in these same positions hired before July 1, 2015.

	Current Members as of June 30, 2011	Employees Hired on or After July 1, 2011
Annual Employee Contribution	7% of earnable compensation	7% of earnable compensation
Average Final Compensation	Average of the 3 highest consecutive years	Average of the 5 highest consecutive years
Normal Service Retirement	30 eligibility service years or age 62 with 5 years; age 63 with 4 years; age 64 with 3 years; or age 65 or older with 2 years	The Rule of 90 (sum of age and eligibility service years) or age 65 with 10 eligibility service years
Early Service Retirement	Age 55 with 15 eligibility service years	Age 60 with 15 eligibility service years
Vesting	5 eligibility service years	10 eligibility service years
Cost-of-living Adjustment (COLA)	For credit earned before July 1, 2011: Annual retiree COLA linked to Consumer Price Index (CPI) with a cap of 3% per year For credit earned on or after July 1, 2011: COLA remains linked to CPI but capped at: 2.5% if assumed rate of return for investments in prior calendar year is achieved. 1% if investment target not met	COLA remains linked to CPI but capped at: 2.5% if assumed rate of return for investments in prior calendar year is achieved. 1% if investment target not met

Note: Eligibility service determines when you qualify for a retirement benefit; and creditable service, along with your age, determines the amount of your retirement benefit. As a member of the pension system, you earn service credit toward your retirement based on **actual time worked**. All employees are advised to request an application for an estimate of service retirement allowances 12 months prior to a planned retirement date and consult with Human Resources regarding the impact of terminating on other benefits such as health insurance.

The retirement benefits package includes a death benefit equal to one year's salary plus contributions with accumulated interest payable to a designated beneficiary. Coverage for a nonjob-related death goes into effect after you complete one year of service. Coverage for death in the performance of duty begins your first day on the job. Employees are advised to keep their beneficiary designation current.

From time to time, the General Assembly may enact legislation changing the Retirement and Pension Systems of the State. More specific information on retirement is available from the benefits coordinator in the Human Resources Office or you may refer to the State Retirement Agency website at www.sra.state.md.us.

H. Social Security

All employees are covered by the Social Security Act (FICA). A required percentage of employee compensation is deducted from the employee's earnings to pay the employee's portion of this protection. The Maryland General Assembly pays matching premiums for each employee. The plan provides Social Security retirement benefits, as well as disability, death, survivor, and Medicare benefits.

I. Unemployment Insurance

The Unemployment Insurance program is funded entirely by employers in the State of Maryland. The program provides certain weekly benefits if employees become unemployed through no fault of their own or due to circumstances described in the law.

As noted in Section V – Benefits and Services, legislative employees are covered under the provisions of the unemployment law. The Unemployment Benefits Office verifies dates of employment with the General Assembly prior to approving a claim. Employees should verify dates of employment, on file in the Human Resources Office, prior to filing an unemployment claim. Employees are reminded that filing a claim for unemployment for the same period of time for which they are paid by the Maryland General Assembly is fraudulent.

J. Workers' Compensation

An employee who sustains an accidental personal injury arising out of and in the course of the performance of his or her job duties may be covered under the Workers' Compensation Law. The injured employee or an individual acting on the injured employee's behalf must provide notice of the accident to the Human Resources Office promptly after the accident occurs. A representative from the Human Resources Office will file an Employer's First Report of Injury with the Injured Workers' Insurance Fund (IWIF) and the Workers' Compensation Commission after receipt of the notice of injury. Based on the accident report filed, the Workers' Compensation Commission determines whether or not the injury is compensable. If the Workers' Compensation Commission makes a determination of a compensable injury, medical bills will be paid by IWIF.

VI. Leave Policies

Non-benefited legislative employees and desk officers are not eligible to earn paid leave. Approval of the supervising member is required prior to taking leave of any type, except unforeseen sick leave. Leave is not approved during the legislative session for employees in the Annapolis offices, except as authorized by the supervising member. Additionally, during the legislative session, the General Assembly does not close for holidays and holiday leave is not granted.

Benefited employees are eligible for leave as noted in the following sections.

A. Leave With Pay

1. Annual Leave

Annual leave is earned based on the percentage of time worked (for leave-earning purposes, refer to the chart on page 34). All employees must receive prior approval from their supervising member before using annual leave.

Benefited employees accumulate annual leave on a bi-weekly basis. A maximum of 75 days may be carried forward at the end of each calendar year. The official end of the calendar year is determined by statute, regulation, or agency ruling and may not necessarily coincide with December 31 of each year.

If a legislative employee transfers to another State agency, earned annual leave is generally transferred to the new agency. Upon separation from State service, an employee will be paid for accumulated and unused annual leave not exceeding 50 days of the total that were accrued at the end of the previous calendar year plus any unused annual leave that is earned during the year in which the employee leaves State service. Upon leaving the General Assembly, the possible maximum payout for annual leave is 75 days. Timesheets must be current for the employee to receive an annual leave payout.

Newly hired benefited employees who have performed prior Maryland General Assembly contractual service within the last four years may receive credit for up to six months of service only for leave earning purposes. This credit will be pro-rated based on number of hours worked.

2. Personal Leave

Benefited employees are eligible for personal leave. Personal leave days are granted at the beginning of each calendar year. Use of personal leave must be approved in advance by the supervising member(s). Any personal leave not used by the end of the calendar year is lost. The

official end of the calendar year is determined by statute, regulation, or agency ruling and may not necessarily coincide with December 31 of each year. Upon termination of service, there is no payment for unused personal leave.

Employees are granted personal leave based on their date of entry at the following rates:

- Full-time benefited employees receive 6 personal leave days per year
- Newly hired full-time benefited employees hired between January 1 and June 30 receive 6 personal leave days
- Newly hired full-time benefited employees hired between July 1 and December 31 receive 3 personal leave days
- Part-time benefited employees receive 4 personal leave days per year
- Newly hired part-time benefited employees hired between January 1 and June 30 receive 4 personal leave days
- Newly hired part-time benefited employees hired between July 1 and December 31 receive 2 personal leave days

3. Holidays

Benefited full-time employees are entitled to the holidays authorized by State law for State employees. However, due to the extraordinary and irregular schedule of the General Assembly during session, the General Assembly does not close. Employees will be required to accept a compensatory day of leave in lieu of taking the holiday on the actual day designated.

The official State holidays are as follows:

New Year's Day	Labor Day	American Indian Heritage Day
Martin Luther King, Jr. Day	Columbus Day	Christmas Day
Presidents' Day	*General Election Day	
Memorial Day	Veterans' Day	
Independence Day	Thanksgiving Day	

Subject to the conditions set forth above, **benefited part-time** legislative employees are entitled to seven (eight in a general election year) of the State holidays, as indicated below:

New Year's Day	Labor Day	American Indian Heritage Day
Memorial Day	*General Election Day	Christmas Day
Independence Day	Thanksgiving Day	

*includes gubernatorial and presidential elections

4. Compensatory Leave

Due to the extraordinary and irregular schedule of the General Assembly, legislative employees are expected, especially during session, to work extended hours without additional compensation. Legislative employees do not qualify for overtime payments. Additional hours worked beyond those comprising a normal workday and workweek earn no credit for annual leave, sick leave, nor do they serve to qualify one as a benefited full-time or benefited part-time legislative employee, or for any other benefit.

Legislative employees do not automatically become entitled to compensatory leave for excess hours worked. Compensatory leave may be granted on an hour for hour basis only if consistent with the work requirements of the office and must be indicated on the employee's timesheet for the period involved and certified by the signature(s) of the supervising member(s) or, if none, the Presiding Officer(s). **Timesheets must be filed with and maintained by the Human Resources Office.** Compensatory time must be used within one year of the date earned. Compensatory time may be granted as follows:

- If the employee is required to work on a Saturday, Sunday, or State holiday to which he or she is entitled; or
- If the employee is required to work for an extended period beyond the 8 hour day (not to include lunch) for 30 minutes or more on a business day.

Upon separation from the General Assembly, unused compensatory leave will be forfeited.

5. Sick Leave

Sick leave is earned based on the percentage of time worked (for leave-earning purposes, refer to the chart on page 34).

Employees may use sick leave for their own illness or disability, for the illness or disability of a member of their immediate family, for the birth or adoption of a child or for a death in their immediate family (known as bereavement leave). For a list of immediate family members, see Bereavement Leave section below. Use of sick leave may require verification by a physician.

Sick leave is a valuable benefit earned by employees to be used for illness or injury. It should not be used as a substitute for other types of leave.

6. Bereavement Leave (Sick Leave Charge)

With the approval of the supervising member(s), benefited employees may use a maximum of five days of available sick leave in the event of the death of the following immediate family members:

- Spouse
- Child or spouse of child or legal ward
- Parent, step parent, or foster parent of employee or spouse
- Brother or sister of employee or spouse
- Grandparent or grandchild of employee or spouse
- Legal guardian or former legal guardian
- Other relative living as a member of the employee's household

With approval of the supervising member(s), benefited employees may use a maximum of one day of available sick leave in the event of the death of the following relatives:

- Aunt or uncle of employee or spouse
- Nephew or niece of employee or spouse

7. Jury Duty

Benefited employees may serve on a jury without loss of earnings or leave. Normal earnings will be paid by the Maryland General Assembly for the period of jury service. Employees called for jury duty should advise their supervising member(s) promptly after receiving notification to appear. Employees may also use court/jury summons leave if they are summoned for a court appearance when they are not a party to an action or a paid witness. Upon completion of service, a jury confirmation form supplied by the court must be attached to the time sheet submitted for that pay period. Employees should code the time as "jury leave" when completing timesheets.

8. Military Leave

A legislative employee who is a member of a reserve unit of the U.S. Armed Forces, or in the organized militia, may receive up to 15 days military leave annually for military training without loss of pay or charge against leave. Documentation is required to be granted this leave.

9. Accident Leave

Employees who suffer a temporary disabling injury in the actual performance of their duties and cannot work are granted paid accident leave for a period of six months from the date of

the injury if a physician certifies that they are disabled because of the injury and the Workers' Compensation Commission determines that the employee has a compensable injury. An employee must use accident leave beginning on the first day of the disability and continuing until the day the employee is certified to return to work by a health care provider or six months from the day of the disability, whichever is earlier. After an employee returns to work, accident leave may be granted for continuing treatment as certified by a physician selected by the appointing authority up to six months from the day of the original disability. An employee may be granted up to an additional six months of accident leave if no decision has been reached by the Workers' Compensation Commission on their claim. Accident leave is paid at two-thirds of the regular rate of pay.

10. Religious Observance

Benefited employees may use annual leave, personal leave, or compensatory leave for religious observances, with prior notification to their supervising member(s).

11. Liberal Leave

Liberal leave is chargeable annual, personal, or compensatory leave. It is unscheduled leave which may only be used in certain emergency situations and only after it is authorized by the presiding officers.

B. Approved Leave of Absence Without Pay

A leave of absence without pay may be granted at the discretion of the President or Speaker to eligible employees to maintain continuity of service in instances where unusual or unavoidable circumstances require prolonged absence or in accordance with federal or State law.

In order to maintain pension service credit, the leave must be for a reason acceptable to the State Retirement System. Currently those reasons are personal illness, maternity/paternity, adoption, career-related study, government-sponsored or subsidized employment, or service in a professional organization. If the employee takes an unpaid leave of absence for reasons other than those noted above, active membership in the State Retirement System ceases and accrued service credit may be affected.

An employee requesting a leave of absence without pay must put the request in writing to the supervising member. The request and the recommendation of the supervising member will be forwarded to the President or Speaker for consideration. If the request is approved, the employee must complete an application to be placed on a qualifying leave of absence (State Retirement Agency form 46 (available from the Human Resources Office) and submit it to the Human Resources Office prior to beginning the leave.

The employee may be eligible to be rehired to the same or a comparable position, if such a position is available. Note that this benefit allows the employee to continue to earn service credit and protects the employee's survivor benefit during the period of leave, not to last longer than 2 years. There is no guarantee that a position will be available after the period of leave.

An employee who applies to return from a leave of absence and is rehired must repay any required payroll contributions to the retirement system, plus interest, in order to be eligible for retirement credit for the period of absence. In order to receive credit for the period, the employee must file a request to purchase prior service (State Retirement Agency form 26) with the Human Resources Office.

Human Resources will notify the State Retirement Agency for an employee who is rehired on a regular or contractual basis when returning to work. The benefits provided under the leave of absence agreement will end at that time. The State Retirement System should be consulted directly regarding service credit.

For further information about benefits while on approved leave of absence, employees should contact the Human Resources Office.

VII. On the Job/Standards of Conduct

A. Ethics Code

All legislative employees fall under the provisions of the State Ethics Law, which is administered by the State Ethics Commission. Be sure you read and understand the State Ethics Commission Summary (Attachment A). Violations of the State Ethics Law may lead to disciplinary action or civil or criminal sanctions. Questions may be addressed to the State Ethics Commission. The ethics counsel of the Maryland General Assembly represents only the members of the General Assembly and not staff.

B. Code of Conduct

Every legislative employee is important to the overall successful operation of the Maryland General Assembly. Employees are expected to conduct themselves in a manner that ensures an orderly and positive work environment for themselves, their co-workers, and the public.

The National Conference of State Legislatures (NCSL), of which Maryland is a member, has developed a “Model Code of Conduct for Legislative Staff.” This document is included as a resource for all legislative employees (Attachment B). You should read this booklet and become familiar with the standards of conduct as set forth in the “Model Code.” It sets the tone by which legislative employees should conduct themselves as employees with the Maryland General Assembly.

C. Confidentiality

Disclosure of confidential information is governed by the State Ethics Law and Maryland General Assembly policy. Legislative employees may have access to confidential information concerning internal General Assembly activities and personal or constituent matters. Confidential information should not be discussed with any unauthorized person. Legislative employees should not divulge confidential information concerning Maryland General Assembly members or other legislative employees to which they may be privileged. Staff is not authorized, unless authorized by supervising member, to give comment to press.

If there is a question about whether a matter is confidential or whether a person is authorized to receive the information, a legislative employee should consult his or her supervising member(s). This consultation should occur prior to the release of information concerning the matter in question. Legislative employees who disclose confidential information are subject to disciplinary action, termination of employment, or as otherwise provided for by law.

D. Conflict of Interest

Employees of the Maryland General Assembly may not participate in any matter in which the employee or a qualifying relative of the employee has an interest, or in a matter related to a business entity in which the employee has a direct financial interest. Employees may not participate in a business entity doing business with the State or a business entity subject to regulation by the Maryland General Assembly.

E. Abuse of Prestige of Office

Employees of the Maryland General Assembly may not use the prestige of the legislative office or legislative position for their own private gain or that of another or to advance an interest in conflict with these guidelines.

F. Dual Employment

It is the responsibility of legislative employees to ensure that any employment they may have with any other employer is permitted under the provisions of the State Ethics Law, administered by the State Ethics Commission. Issues may include conflicts of interest or the appearance of a conflict, salary payments from two employers for the same time period, or incompatible duties. A volume of advisory opinions by the State Ethics Commission is available for review in the Department of Legislative Services Library. In addition, more stringent standards may be set by the Presiding Officers. Legislative employees must advise their supervising member if they currently hold or seek to obtain additional employment and they must advise the Human Resources Office if they are employed in another State government office. Employees with questions may request an advisory opinion from the State Ethics Commission. The Human Resources Office may require a written statement regarding any secondary employment and bi-weekly timesheets from the employee.

G. Professional Conduct

Professional conduct is essential for the legislative staff of the Maryland General Assembly. Members rely on staff for expertise and assistance. All employees are to conduct themselves in a manner that reflects positively on the Maryland General Assembly. Legislative employees are expected to show respect, tact, and good judgment in dealing with all members of the Maryland General Assembly, co-workers, the general public, and employees of other public agencies. It is the responsibility of each legislative employee to assist and support the work of the members of the General Assembly. Moreover, all legislative employees must recognize that it is the elected members who have the responsibility and the authority to make legislative decisions.

H. Campaign Activities

Legislators and legislative employees are not to use their legislative offices, equipment, or supplies for campaign purposes. All campaign activities within the legislative complex, including soliciting contributions and preparing campaign literature, are prohibited. Legislative employees are not required to, but may, participate in political activities on their own time, outside the legislative complex. Employees must use their earned leave when participating in a political activity on a regular workday. Legislative employees may not be required by members or other legislative staff to provide any political service. A public official or an employee of the State may not require any legislative employee to make a political contribution. Legislative staff serving multiple members who represent diverse political parties and opinions should be particularly sensitive and respect these differences. Employees should perform their duties in a competent and equitable manner for all members.

I. Seeking Public Office

Consistent with rules prohibiting legislators from campaign activity during the legislative session, while employed by the Maryland General Assembly, an employee may not run for an office in the Maryland General Assembly. A legislative employee who holds himself/herself out publicly as a candidate for an office in the Maryland General Assembly through activities such as creating a campaign website, making public appearances or statements or sending mailings asserting that he or she is running for such office, or accepting a campaign contribution for such office shall be deemed to be running for such an office. Moreover, a filing with the Elections Board to run for a State legislative office shall be considered the employee's resignation from his or her position with the Maryland General Assembly. If not otherwise prohibited by law, an employee may run for other elective office, with permission of the supervising member, without resigning his or her employment in the General Assembly.

J. Dress and Personal Appearance

The legislative complex is frequented by the public and the media. Legislative employees are to maintain an appropriate appearance that is businesslike, neat, and clean. Casual attire is not acceptable during the 90-day legislative session. During the interim period between sessions, business casual attire (no shorts or work jeans) is acceptable. Casual dress is also acceptable in conjunction with office moves and/or renovations or when your area is experiencing heating/cooling problems. Employees who have questions about appropriate attire should consult their supervising member(s).

K. Security and Emergency Procedures

1. Security Proximity Cards

Newly hired Senate employees must report to the Senate President's Office and newly hired employees of the House of Delegates must report to the House Administrator's Office to obtain the application necessary to have a photo taken for a security proximity card (ID card), which is used as proof of identity. This card allows employees to have access to certain buildings in the legislative complex and assigned parking lots, and to ride the shuttle to free parking in the Navy-Marine Corps Memorial Stadium lot. The badge must be worn at all times in a manner that allows it to be seen easily by security personnel. If an employee loses the ID badge, he/she must immediately notify the appropriate House or Senate office as mentioned above. A significant fee is charged for a replacement.

Because these cards are proof of identity, if you change your name you must obtain a new proximity/ID card. Doing so will ensure that parking privileges, access to buildings, and shuttle privileges will not be adversely affected. There is no charge for the new card. It is the employee's responsibility to promptly inform both Human Resources and the parking coordinator of any name changes.

ID cards are the property of the State. Upon termination of employment with the Maryland General Assembly, this card must be returned to the Office of the House Administrator, 313 House Office Building or the Office of the Senate President, State House. The Secretary of the Department of General Services has authority to impose penalties and/or fees for failure to surrender ID cards.

2. Emergency Action Plan

The Maryland General Assembly issued the Emergency Action Plan handbook in June 2012. The handbook includes information on preparedness, building evacuation, and specific threats and emergencies. A copy, which includes list of floor wardens, is provided to all new employees. Please read this important booklet and familiarize yourself with its contents.

KEEP EMERGENCY INFORMATION IN A CONSPICUOUS LOCATION AT ALL TIMES.

Emergency Contacts:

- State Police, Room 102, Legislative Services Building, 410-841-3844.
- Maryland Capitol Police, Central Services Building (adjacent to B Lot), 410-260-2911.

- For rapid response, dial “22” to reach Maryland State Police or the Maryland Capitol Police located in the legislative complex.
- For medical emergencies, dial 911.

3. Security Procedures

The Maryland State Police and the Maryland Capitol Police provide security and emergency assistance for the Maryland General Assembly. The Maryland State Police maintain order in the State House, Senate, House of Delegates, and at hearings and rallies. They also investigate threats against elected officials and staff. The Maryland Capitol Police provide security for the physical operation of the Annapolis complex.

Personal Safety

- Remember that police and emergency personnel are always in charge during emergencies. Follow their instructions promptly.
- Report any unusual activity or suspicious packages and persons immediately.
- Remain alert to your surroundings while walking to your vehicle and have vehicle keys in hand prior to leaving your building.
- Remember that you can use the Maryland Capitol Police escort service, by calling 410-260-2911.

If you have security concerns in the legislative complex, call Legislative Security at ext. 3844.

Fire Emergency (Alarm Will Sound and Strobe Lights Will Flash)

- End all telephone conversations immediately.
- Follow your floor warden’s instructions (know who that is).
- Lock your desk and take important personal belongings with you.
- Close your office door when you leave the office.
- Guide any visitors out of the building.
- Leave the building promptly.
- Return to the building only after direction from security personnel.

First aid kits are located in Annapolis offices at the following locations:

Legislative Services Building	Basement	Print Shop and Information Desk
	Ground Floor	Bill Room, Room G-01
	First Floor	Office of Director, Policy Analysis, Room 120
	Second Floor	Office of Executive Director, Room 200
	Third Floor	Finance & Administrative Services, Room 300E Document Design, Room 307 Legislative Editing, Room 309
Miller Senate Building	Ground Level	Legislative Supply Office
State House	Ground Floor	Amendment Office
House Office Building	Third Floor	House Administrator - Room 313

A medical office in the State House (ext. 3918) is staffed by a nurse and doctor when the General Assembly is in session.

4. Emergency Release/Closing

The General Assembly does not close during a legislative session except in an extraordinary situation. An emergency release or closure due to weather or other conditions will be determined by the presiding officers. State announcements of Executive Department closures do not apply to the Maryland General Assembly. Dedicated emergency numbers have been established for General Assembly-specific announcements. The dedicated emergency number for the Senate is **301-858/410-841-3998**. The dedicated emergency number for the House is **301-858/410-841-3900**. There will also be a posting on the General Assembly website (<http://mgaleg.maryland.gov>). **All employees should maintain contact with their supervising member(s).**

L. Smoking Policy

In compliance with State law, smoking is prohibited in all offices and work areas (including garages) in the legislative complex. **Additionally, the use of electronic cigarettes is prohibited.**

M. Substance Abuse Policy

The **Legislative Branch of Maryland State Government Substance Abuse Policy** is included under “Policy Statements” in these Guidelines (Attachment C).

N. **Use of General Assembly Facilities, Equipment, and Supplies**

General Assembly facilities and equipment are to be used for Maryland General Assembly business only and not for political or campaign activity, commercial use, or private gain.

Communication through MGA-provided facilities (computer, fax, and telephone) identifies the message as coming from the Maryland General Assembly. Therefore, all communications on this equipment reflect directly on the General Assembly. Employees should have no expectation of privacy when using Maryland General Assembly equipment. Use of equipment by employees implies their consent to be monitored. Use of these facilities may be monitored and reviewed for abuse which may result in disciplinary action.

1. **Computers**

Employees who are assigned computers which access the Maryland General Assembly internet and e-mail systems are encouraged to take appropriate training when offered by the Office of Information Systems. Email accounts are generally not provided to contractual employees. Employees may not modify or remove standard General Assembly software installed on the computers unless approved by the Office of Information Systems. **There is no right to privacy in the use of these systems.** No one may use General Assembly facilities for commercial use or for personal gain. Any use of the Internet which is illegal, inappropriate, abusive, harassing, interferes with the network, adversely affects other users or reflects badly on the Maryland General Assembly, is prohibited. The system and Internet use is monitored, and is subject to audit. Any stored evidence of potential crime or unlawful usage may be retrieved and disclosed. **Use of the Maryland General Assembly system by any user, authorized or unauthorized, constitutes consent to monitoring by authorized personnel and to the retrieval and disclosure of any information stored on the network.** A policy statement from the Joint Advisory Committee on Legislative Data Systems is included in these Guidelines (Attachment D).

2. **Telephones**

Telephones are provided to serve the needs of the Maryland General Assembly. All calls must be answered promptly and courteously. Employees are expected to keep personal calls brief and to a minimum, as they are disruptive to the member(s) and other staff in the work area and interfere with the performance of job responsibilities. The Maryland General Assembly must be reimbursed for all personal long-distance calls. Employees should be aware that incoming calls and outgoing calls are logged by computer and periodically reviewed for possible abuse and reimbursement.

While at work, employees are expected to exercise the same discretion in using personal cellular phones as is expected for the use of department phones. The Maryland General Assembly will not be liable for the loss of personal cellular phones brought into the workplace.

Voicemail is available for most staff. It is not intended to be used regularly during the course of normal business hours. Voicemail messages should include directions as to how the caller can get assistance by calling another number. If the Voicemail must be on for an extended period of time, the Voicemail system should be checked regularly and cleared of messages.

3. Metered Mail

Members may have their mail processed through the Maryland General Assembly postage meter during the legislative session. Details are explained in the “Guidelines for Compensation and Expenses for Legislators” available from the Finance and Administrative Services Office.

4. Facsimile Machines

Facsimile (FAX) machines are located throughout the legislative complex to conduct legislative business, but they may be used occasionally, if required, for essential personal business. The General Assembly should be reimbursed for any personal long-distance facsimile messages.

5. Photocopy Machines

Photocopy machines are located conveniently throughout the complex for small copying jobs pertaining to Maryland General Assembly business. Large jobs (twenty copies or more or multi-page documents) should be taken to the Legislative Print Shop. If a copying machine is jammed or otherwise inoperable, contact the key operator for assistance. That name is posted in the copier area. Do not try to fix a jammed machine.

6. Workspace

Legislative employees are encouraged to personalize their offices and work areas to make them more comfortable, so long as the items are appropriate for the workplace and are free of any reference that may be viewed as offensive or discriminatory. It should be noted that the office, furniture, and equipment are the property of the Maryland General Assembly, and care should be taken in the use of such property. Employees should secure all valuables when they are not in their work area. Reassignment of offices and work areas are made at the discretion of the presiding officers.

7. Office Supplies

Office supplies authorized by your supervising member may be ordered through the Supply Office in the Miller Senate Building (ext. # 5050).

8. Stationery

Stationery items for regular legislative staff may be ordered as authorized by the supervising member through Document Design, located in room 307, Legislative Services Building (ext. #5165). These items generally include personalized business cards and notepads.

O. Pets

Consistent with policies and regulations applicable to other state buildings, dogs and other animals may not be brought upon the property for other than official purposes, except seeing-eye dogs and animals used to guide or assist handicapped persons.

P. Complaint Procedures

The Maryland General Assembly is committed to protecting the legitimate rights of its employees. Employees of the Maryland General Assembly are at-will and serve at the pleasure of the employee's supervising member. It is the obligation of the employee to promptly report complaints to appropriate personnel. An employee who has a job-related complaint should attempt to discuss and resolve the matter within the office. The supervising member(s) has the primary responsibility for resolution of job-related complaints. Each employee and supervising member is encouraged to resolve on-the-job complaints in an atmosphere of mutual respect. If the issue cannot be resolved with the assistance of the supervising member, or at the supervising member's request, the manager of Human Resources (HR) may assist in resolving problems. If a problem cannot be resolved informally, an employee may timely submit a written complaint to the manager of HR, except for matters relating to budgetary actions, layoffs/furloughs, department policies, and salary schedules. Within 14 days, the manager of HR will confer with the employee and make any other additional inquiry regarding the complaint. Within 14 days after conferring with the employee, the manager of HR will render a decision and notify the employee. If the employee is dissatisfied with the decision, the employee has 7 days, to seek in writing a review from the appropriate Presiding Officer or designee. Within 45 days, the Presiding Officer or designee will issue a written disposition. An effort is made to keep all such consultations confidential to the extent consistent with appropriate investigation and remedial action, if applicable.

Complaints regarding unlawful discrimination and sexual harassment will be handled by the process outlined in the Maryland General Assembly Anti-Harassment Policy and Procedures found in these guidelines under policy statements (Attachment E).

Q. Resignation and Removal

Legislative employees are expected to provide a two-week notice of resignation in writing. This letter should be directed to the supervising member with a copy sent to the Human Resources Office. Prior to the employee's last day in the office, the employee must:

- contact the Human Resources Office to schedule an appointment for completing required exit forms, and
- return all General Assembly property, including keys, security proximity card, equipment and any other legislative materials issued during the course of employment.

Legislative employees are “at-will” employees who have no contractual right to continuing employment and serve at the pleasure of the supervising member(s). An employee may be removed from the payroll by written notice to the Human Resources Office from the supervising member(s).

Violations of these Maryland General Assembly Personnel Guidelines policies and standards of conduct may result in discipline or removal.

R. Termination with Prejudice

As discussed above, all General Assembly employees are at-will employees and, as such, may be terminated at any time with or without cause and without advance notice.

It is the policy of the General Assembly that, at the discretion of the presiding officers, a termination may be officially identified as being made with prejudice. A termination with prejudice is defined as such when an employee’s actions constitute a serious violation of the General Assembly regulations, policies, or standards of conduct, and are so egregious to the extent that the employee is permanently barred from employment in any capacity with the State. Under State law, an individual terminated with prejudice is ineligible for re-hire with any State agency and will be notified of this determination in writing.

LEAVE EARNING TABLE

Days	Hours	ANNUAL				SICK
		0-5 years	6-10 years	11-20 years	20+ years	
1	8	18 mins	28 mins	37 mins	46 mins	28 mins
2	16	37 mins	55 mins	1 hr 14 mins	1 hr 32 mins	55 mins
3	24	55 mins	1 hr 23 mins	1 hr 51 mins	2 hrs 19 mins	1 hr 23 mins
4	32	1 hr 14 mins	1 hr 51 mins	2 hrs 28 mins	3 hrs 5 mins	1 hr 51 mins
5	40	1 hr 32 mins	2 hrs 19 mins	3 hrs 5 mins	3 hrs 51 mins	2 hrs 19 mins
6	48	1 hr 51 mins	2 hrs 46 mins	3 hrs 42 mins	4 hrs 37 mins	2 hrs 46 mins
7	56	2 hrs 9 mins	3 hrs 14 mins	4 hrs 19 mins	5 hrs 23 mins	3 hrs 14 mins
8	64	2 hrs 28 mins	3 hrs 42 mins	4 hrs 56 mins	6 hrs 10 mins	3 hrs 42 mins
9	72	2 hrs 46 mins	4 hrs 9 mins	5 hrs 33 mins	6 hrs 56 mins	4 hrs 9 mins
10	80	3 hrs 5 mins	4 hrs 37 mins	6 hrs 10 mins	7 hrs 42 mins	4 hrs 37 mins
TOTAL DAYS EARNED/YEAR		10	15	20	25	15

Benefited legislative employees who earn leave will be provided with a quarterly leave statement, as well as on request. Questions on leave should be directed to Human Resources at ext. 5120.

<p>STATE OF MARYLAND HOLIDAYS</p> <p>*New Year's Day Martin Luther King Jr. Day Presidents' Day *Memorial Day *Independence Day *Labor Day Columbus Day *Gubernatorial and Presidential Election Day Veterans' Day *Thanksgiving Day *American Indian Heritage Day *Christmas Day</p>

Revised annual Holiday Schedule will be distributed with specific dates.

***Regular Part-time Employees Holidays**

VIII. Employment Fact Sheet for Benefited Employees Maryland General Assembly Human Resources Office

Benefited full- and part-time employees are eligible to receive State of Maryland employee benefits if they meet the qualifications, requirements, and contingencies established by the Presiding Officers. **The member and the employee agree to accept all policies that govern the employment relationship.**

“At-will” Employment

All General Assembly employees are “at-will” and serve at the pleasure of the supervising member. This employment is not considered permanent in nature. An employee may be terminated at any time without cause and without prior notice by the supervising member or the appropriate Presiding Officer. In addition, employment is contingent on the re-election, reappointment, or continued service of a supervising member.

Requirements/Funding

Employee must work a regular, established bi-weekly schedule during the legislative session and the interim. To receive benefits, the hours worked must total at least 50% of the hours of a full-time employee or a minimum of 130 days on an annual basis. The supervising member must provide to the Human Resources Office an employee work schedule (session and interim). Unless the supervising member advises the Human Resources Office in writing of a change in salary, schedule, or termination of employment, the employee will be retained on the payroll at the requested salary and schedule through the end of the member’s term.

Funding approval is required in advance of employment. The Finance and Administrative Services Office commits funds from the supervising member’s account to cover the salary for the position. Once committed, these funds may not be used for any other purpose. In the case of a terminating employee, the remaining salary funds will be restored to the member’s account. For Maryland General Assembly-funded positions, approval of the Presiding Officer(s) is required.

A benefited employee may be employed by an individual member or by two or three members who all share in funding the employee’s salary from their member accounts. Therefore, when the word “member” is used in this fact sheet, it can also mean “members.”

During an election year, an employee whose member is not re-elected or chose not to return to the General Assembly may remain on the member's payroll until December 31st of the election year or may terminate or be terminated sooner, with notice to the Human Resources Office by the supervising member.

Timesheets

Bi-weekly timesheets must be completed by the employee, approved by the supervising member, and submitted to the Human Resources Office by Wednesday following the closing date on the payroll schedule issued by the Central Payroll Bureau (CPB). Each employee is responsible for accurately completing and submitting their own timesheet to the Human Resources Office in a timely manner. Failure to do so may result in loss of leave and benefits. Misrepresentation on a timesheet of the amount of time worked is a serious matter, which may result in disciplinary or legal action.

Timesheets are manually entered into the SAP information system each pay period by the Human Resources Office/Payroll Operations. Salary checks are direct deposited and may be accessed using the Payroll Online Service Center (POSC). Leave is accumulated based on the employee's planned work time schedule. Leave reports are issued to each employee on a quarterly basis.

For Maryland General Assembly-funded employees, no additional payment is provided for time worked beyond the established schedule. If an employee is funded through a member account, the supervising member may authorize additional days of pay by initialing the day and noting on the timesheet that "additional pay is authorized." See Salary Policies, Section IV - B, Funding, in the Maryland General Assembly Personnel Guidelines for more information.

Benefits

The Maryland General Assembly participates in the State employee and retiree health and welfare benefits program. Under this program, the State pays a portion of the health benefit cost for medical (vision), dental, and prescription plans for eligible employees. Membership in the Employees' Pension System is **optional** for legislative employees of the Senate and House of Delegates. Additional benefits may include annual, sick, personal and compensatory leave; holiday; State Employee Credit Union; and other benefits as may be provided to State employees.

Modifications to Program

The Maryland General Assembly reserves the right to modify the Benefited Employee Program at any time. In addition, since health benefits are provided through the State of Maryland and are subject to change, the benefit program will be modified in accordance with State benefits.

IX. Policy Statements – Attachments

General Information: Ethics Law

WHAT IS THE PURPOSE OF THE PUBLIC ETHICS LAW?

The Law, set forth in Md. Code Ann., General Provisions (§§ 5-101 through 5-1001), was enacted for the following purposes:

1. To assure the people of the impartiality and independent judgment of officials and employees (including State board and commission members).
2. To avoid improper influence or even the appearance of improper influence.
3. To require officials and employees to disclose financial affairs and to meet minimum standards of ethical conduct.

WHAT DOES THE PUBLIC ETHICS LAW ADDRESS?

The Law addresses:

1. Definitions of terms. Title 5 Subtitle 1.
2. A State Ethics Commission to administer the Law. Title 5 Subtitle 2.
3. Advisory opinion procedures. Title 5 Subtitle 3.
4. Complaint and enforcement. Title 5 Subtitle 4.
5. Standards of conduct through conflict of interest provisions. Title 5 Subtitle 5.
6. A financial disclosure program for certain board and commission members, employees, and elected officials. Title 5 Subtitle 6.
7. A program for disclosure by and regulation of lobbyists. Title 5 Subtitle 7.
8. Requirements that local governments and boards of education (if a board of education is not covered by county ethics law) establish ethics programs. Title 5 Subtitle 8.
9. Judicial enforcement of Commission orders. Title 5 Subtitle 9.

WHO IS SUBJECT TO THE JURISDICTION OF THE STATE ETHICS COMMISSION?

The following officials and employees are subject to Commission jurisdiction:

1. All employees of the Executive Branch of government.
2. All employees of the Judicial Branch of government with the exception of judges and certain judicial officers. Judges and certain judicial officers are subject to the Public Ethics Law, but for these individuals the Law is administered by the Judicial Disabilities Commission.
3. All employees of the Legislative Branch of government.
4. Elected members of the General Assembly for the purpose of annual financial disclosure but not for standards of conduct. Elected members of the General Assembly are subject to the standards of conduct provisions of the Public Ethics Law, but those provisions are administered by the Joint Ethics Committee in the General Assembly.
5. State officials, including those elected to the offices of Governor, Lt. Governor, Attorney General, Comptroller, State's Attorney, Clerk of Circuit Court, Register of Wills and Sheriff.
6. Individuals serving as members of Executive Branch boards or commissions created by or pursuant to law or regulation, or Executive Order having the force of law. Refer to Md. Code Ann., General Provisions §§ 5-103, 5-609 and 5-611 for more specific direction related to individuals identified as public officials solely because of their membership on boards or commissions.

Conflicts of Interest:

WHAT KINDS OF ACTIVITIES ARE GOVERNED BY THE CONFLICT OF INTEREST PROVISIONS AND ADMINISTERED BY THE STATE ETHICS COMMISSION?

The Ethics Law contains the following general types of prohibitions. Please refer to Md. Code Ann., General Provisions §§5-501 through 5-508 for the specific prohibitions.

1. An employee or official may not participate in a matter in which he or she has an interest. This prohibition also applies where an official's or employee's relatives (spouse, children, brother, sister or parents), or certain entities has/have an interest. Non-participation includes any discussion, advising or deciding of the matter and requires disclosure of the conflict.

2. An official or employee may not participate in a matter when one of the parties is a business entity in which he or she has an employment, contractual or creditor relationship. This prohibition also applies when certain relatives (spouse, children, brother, sister or parents) have such a relationship. Non-participation includes any discussion, advising or deciding of the matter and requires disclosure of the conflict.
3. An official or employee may not participate in a matter in which he or she is negotiating employment with a party to the matter. This prohibition also applies where certain relatives are negotiating employment with a party to the matter.
4. In most instances an official or employee may not have a financial interest in, or be employed by an entity subject to, the authority of the official or employee, or of the agency with which he or she is affiliated.
5. In most instances an official or employee may not have a financial interest in or be employed by an entity having or negotiating a contract with the agency with which he or she is affiliated.
6. An official or employee may not hold any employment relationship that would impair his or her impartiality or independence of judgment.
7. An official or employee may not intentionally use the prestige of his or her office for personal gain or that of another. This prohibition means an official or employee may not use any influence he/she may have to obtain a special benefit for himself/herself or another or use state resources for personal benefit or to benefit another.
8. An official or employee whose duties include matters substantially relating to the subject matter of any contract with the State may not become, while he or she is an official or employee of the State, an employee of the party contracting with the State.
9. An official or employee may not assist or represent a party for contingent compensation in any matter involving any State agency or political subdivision other than in a judicial or quasi-judicial proceeding. Additionally, judicial branch employees may not represent persons before the judicial branch even if not for contingent compensation.
10. A former official or employee may not assist or represent anyone other than the State for compensation in a case, contract or other specific matter involving the State, if that matter is one in which he or she significantly participated as an official or employee.
11. An official or employee may not solicit any gift for him or herself or for others. Subject to certain exceptions, an official or employee may not knowingly accept any gift directly or indirectly from any person whom the official or employee knows or has reason to know:
 - is doing or seeking to do business of any kind with his/her agency or department;

- is engaged in activities that are regulated or controlled by his/her agency or department;
- has financial interests that may be substantially affected in a specific way by the official or employee; or
- is a lobbyist with respect to the matters within the employee's or official's functional jurisdiction.

There are limited exceptions for certain nominal gifts addressed in Md. Code Ann., General Provisions § 5-505.

12. An official or employee may not disclose or use for personal economic benefit, or that of another, confidential information acquired by reason of his or her public position.
13. If an employee or official assists in developing specifications for a procurement, the official or employee may not be involved with the bidder, and even if the official or employee has left State service, his or her new employer may not bid on the procurement.
14. An official or employee subject to the Ethics Law may not be a lobbyist.

Financial Disclosure:

WHAT IS FINANCIAL DISCLOSURE?

Financial disclosure is the filing of a form with the State Ethics Commission disclosing certain employment or interests that may relate to the conflict of interest provisions of the Law. The Commission maintains a list of businesses doing business with State agencies and departments, which an official or employee may use to assist in completing financial disclosure forms and which may help evaluate potential conflict of interest situations. Md. Code Ann., General Provisions §§ 5-601 through 5-611 contain the provisions related to Financial Disclosure, and the Commission staff is available to assist persons required to file.

WHAT ARE SOME OF THE PURPOSES OF FINANCIAL DISCLOSURE?

Some of the purposes are:

1. To provide the Commission, officials, employees, other agency personnel and the public access to documents disclosing possible conflicts of interests.
2. To provide access to documents that demonstrate to the public that financial interests are not hidden and that, generally, officials and employees do not have conflicts of interest.

3. To provide those who complete the form an annual opportunity to review matters that might need some attention to avoid possible conflicts of interest.
4. To assist voters in evaluating the suitability of candidates for the office they are seeking.

WHO HAS TO FILE DISCLOSURE STATEMENTS WITH THE COMMISSION?

1. Members of Executive Branch boards and commissions may be required to file financial disclosure. However, the Ethics Law allows the Commission to grant an exemption if it determines that the board or commission is advisory only. Requests for exemptions must be filed with the Commission on a form provided by the Commission.
2. All State elected officials, including members of the General Assembly, are required to file disclosure statements with the Commission. Judges and judicial officers file with the Judiciary, but copies of the statements are kept on file with the Commission. Candidates for office as a State official must also file with the Commission. Candidates for local office file with local agencies.
3. Certain employees are designated under standards set in the Law to be public officials required to file financial disclosure statements. The criteria for this designation vary by branch of government and take into consideration a variety of factors, primarily the employee's salary and specific duties. You may refer to Md. Code Ann., General Provisions § 5-103 for a definition of the term "public official." The Commission also has memoranda available that specifically address the filing requirements.

WHEN ARE FINANCIAL DISCLOSURE STATEMENTS TO BE FILED?

The general rules governing the timing for filing are as follows:

1. Newly appointed employees or officials file for the previous calendar year within 30 days of taking a State position that requires filing.
2. Incumbent officials and employees serving in a State position requiring filing file no later than April 30th each calendar year for the previous calendar year.
3. Officials and employees terminating service in a State position requiring filing must file for the calendar year immediately preceding (unless that statement has previously been filed) and for any portion of the current calendar year served prior to leaving, within 60 days of leaving the position.
4. State candidates must submit a statement when they file for office and by April 30th each year thereafter.

ARE FINANCIAL DISCLOSURE STATEMENTS AVAILABLE FOR PUBLIC INSPECTION?

Financial disclosure statements are available for public inspection subject to two requirements:

1. Individuals wishing to examine or copy a statement must appear at the Commission office in person and register their names and home addresses and the names of the persons whose statements they wish to examine or copy.
2. A person who has a statement on file is entitled, upon request, to be notified of the name and address of anyone inspecting his or her statement.

Md. Code Ann., General Provisions § 5-606 addresses this process.

WHAT KIND OF INFORMATION IS INCLUDED ON THE FINANCIAL DISCLOSURE STATEMENT?

Officials and employees are specifically required by law to disclose the following information:

1. Interests held in real property.
2. Interests in corporations, partnerships, LLP or LLC.
3. Interests in non-corporate business entities such as partnerships or sole proprietorships that do business with the State.
4. Gifts over \$20 in value or series totaling more than \$100.00 received from a person doing business with the State, regulated by the State, or registered as a lobbyist.
5. Offices, directorships, salaried employment or partnerships or similar interests in business entities that do business with the State, held by the official or employee or his or her immediate family (spouse and dependent children).
6. Debts (excluding retail credit accounts) of the filer or a member of his or her immediate family owed to persons doing business with the State.
7. Names and positions of members of the official or employee's immediate family (spouse or dependent children) who were employed by the State.
8. The name of each place of salaried employment of the official, employee or member of his immediate family, and the identification of any business entity in which the official, employee or member of his immediate family was the sole or partial owner and from which income was earned.

www.ethics.maryland.gov

10/1/14



Model Code of Conduct for Legislative Staff

Written by

The Legislative Staff Coordinating Committee, NCSL

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Preamble

In recognition of the importance of staff to the mission of the legislative branch of state government and of the value of excellence and professionalism in staff performance, the National Conference of State Legislatures adopts this code as a model to guide the conduct of staff members of state legislatures in their service to the state legislature, its members and the public.

Statement of Intent

Section 1. This code is intended to express an ideal for and provide guidance to all persons who serve as legislative staff members. It is also intended to be a model for adoption by each state legislature, which may modify it. The code contains no recommendations for enforcement. That is a matter for consideration by any legislative body or staff agency that adopts it or uses it as a basis for its own code.

Section 2. This code is intended to apply to all legislative staff members, regardless of their work assignment or responsibility. The variety of staff functions and of staffing structures within which legislative staff members serve the legislature requires that they interpret the obligations of this code from a variety of perspectives. It is particularly important whether a staff member works primarily or exclusively for an individual legislator, for a committee, for a partisan or other caucus, for a chamber, or for the whole legislative institution.

Section 3. This code is intended to supplement existing codes to which legislative staff members may already be subject. Obligations that staff members have under these codes, including various professional codes, are recognized and fully accepted.

Section 4. This code is intended to support the sense of personal responsibility that legislative staff members feel for their own actions. Reasonable people may disagree on the particulars of a code of conduct for legislative staff. The circumstances of life and work present conflicts and hard choices. Legislative staff members have the ultimate responsibility to make the day-to-day judgments necessary for this code to guide their service to the state legislature.

Article I

General Principles of Conduct

Public Servant

Section 1. A legislative staff member is a public servant. The broad purpose of his or her work is to assist the state legislature in promoting the common good of the citizens of the state.

Comment: *As employees of the government, staff members have placed their talents and efforts in the service of the common good. As stewards of public resources, staff members are responsible for ensuring that these resources are used to promote the public good, not their own private good.*

Loyal to the Legislative Branch

Section 2. The mission of the state legislature is to represent the people in deliberating and deciding about matters affecting the common good. The mission of legislative staff members and the purpose of their public service is to support the state legislature in its mission. Any action or inaction which could bring disrepute to, or infringe upon the authority of, the legislative branch of government or the principle of representative government conflicts with this service.

Comment: *The word "staff" refers to an object used for support. The mission of legislative staff members is to support the state legislature in making laws and allocating public resources for the common good of the people of a state. The people of the state have delegated this power to the state legislature. Legislative staff members have an obligation to be loyal to the legislature as an institution.*

Trustworthy

Section 3. A legislative staff member stands in a relationship of trust, confidence, and responsibility to the state legislature and has the duty to act in a way that makes him or her worthy of the trust and confidence the state legislature places in staff members.

Comment: *Staff members stand in a special relationship to legislators. As staff members they are entrusted with various tasks that give them an important role in the process by which decisions for the common good are made by the legislature. In performing these tasks, staff members are expected to give the legislature the full benefit of their knowledge and skills without usurping the authority to make legislative decisions, which has been exclusively delegated to legislators. To be worthy of this special relation of trust--to be trustworthy--a legislative staff member must meet certain obligations to legislators, colleagues, and the general public.*

Article II

Obligations of Legislative Staff Members to Legislators

Honest

Section 1. A trustworthy legislative staff member demonstrates the highest standards of honesty and personal integrity in all of his or her work for the state legislature.

Comment: A trustworthy staff member does not steal from his or her employer by taking public property, by using public property or his or her employment for personal gain, or by failing to give full effort for pay received. A trustworthy staff member does not lie to his or her employer. Dishonesty in any aspect of a staff member's life calls into doubt his or her honesty in work and can also harm the legislature's reputation.

Discreet

Section 2. A trustworthy legislative staff member is discreet in what he or she reveals about work done for any legislator and, subject to the law and in accordance with custom or policy of a legislative body or agency, maintains confidentiality of communications between the staff member and any legislator.

Comment: *Discretion includes knowing when information is confidential and treating it as such, when carrying out a request must necessarily involve revealing some information, and when not to speak about nonconfidential matters both within and outside the legislative context. Because*

many legislative staff members work for more than one legislator, including working on a single project or piece of legislation for legislators with opposing objectives, it can be difficult to meet this obligation at times. Also, the expectations of leaders that they be kept informed can place staff members in difficult situations. To minimize these difficulties, legislatures must clarify the staff obligation to maintain confidentiality.

Candid

Section 3. A trustworthy legislative staff member renders candid advice to legislators on matters of policy and procedure within the staff member's areas of work responsibility.

Comment: *Candor is the full sharing of one's knowledge, in the form of information and advice, with a legislator who needs it in order to make an informed decision. The ability of a legislator to make a good decision may be lessened if a staff member fails to give the legislator the full benefit of his or her expertise. Although the obligation to be candid is clearest when a legislator asks for information or advice, it may also apply when a staff member is not asked. Great care needs to be exercised when advice or information has not been asked for, but relevant knowledge should be offered. Once the offer is made, a staff member does not have a duty to advocate or seek another forum, unless advocacy is his or her specific responsibility. A staff member's duty to give advice and information to a particular legislator depends on who the staff member specifically works for. But regardless of this circumstance, a staff member is obliged to accurately inform any legislator of what services he or she can expect from the staff member. The obligation to be candid may give rise to tension with the obligation to be discreet, but the obligations do not contradict each other. The distinction is that in being candid a staff member gives each legislator who can request his or her services the full benefit of his or her broad disciplinary knowledge and skills; in being discreet a staff member holds communications with legislators in confidence, when appropriate.*

Objective

Section 4. A trustworthy legislative staff member provides objective advice, information, and alternatives to legislators, independent of the staff member's personal beliefs or interests or the interests of third parties. A trustworthy staff member avoids activities that conflict with this objectivity or give the appearance of conflict.

Comment: *It is not expected that a staff member will have no personal beliefs regarding public policy. What is expected is that in doing his or her job, the staff member will not let those personal beliefs be limiting, but rather will be open to alternatives and committed to being comprehensive in presenting information and providing support. Certain activities can make it difficult for a staff*

member to be objective or can give the appearance that he or she is not objective. In public service, this appearance can undermine public confidence in the legislature and compromise the effectiveness of staff members. Because it can be difficult to determine which activities give the appearance of conflicting with objectivity and reasonable people may disagree, staff members and their legislative employers have the obligation to carefully assess the effect of such activities as accepting gifts or favors from persons with an interest in the legislative process; of taking an active or leadership role in an organization which attempts to influence the legislature; and of entering into conversation about potential employment with an entity which has an interest in the legislative process. Similarly, staff members and their legislative employers must evaluate any outside employment by full-time staff members for its potential to compromise objectivity as well as to weaken diligence.

Competent

Section 5. A trustworthy legislative staff member strives to acquire and maintain the knowledge and skills necessary to do the work he or she is expected to do and recognizes when to seek assistance from others.

Comment: *To support the legislature in its mission, staff members must be competent. A staff member needs to be aware of his or her kind and degree of expertise, to be forthright with legislators about what he or she can do, to know when to seek assistance, and to take every opportunity to continue to learn.*

Diligent

Section 6. A trustworthy legislative staff member gives a hard-working effort to each work task, uses available time in a productive and efficient manner, and completes work in the most timely fashion possible.

Comment: *Diligence is the application of full effort to the performance of one's work. The demands of the legislative process often make it difficult for a staff member to be as careful and thorough as he or she would like to be in completing a task. It may be appropriate to inform a legislator of the constraints of time or resources and to discuss what can reasonably be accomplished. The obligation of diligence requires that the staff member do his or her best in the time and with the resources available.*

Fair

Section 7. A trustworthy legislative staff member treats all legislators with equal respect and provides services of equal quality to all legislators to whom he or she is responsible.

Comment: *By virtue of their office, all legislators deserve respectful and dignified treatment by all legislative staff members. All legislators who have the right to ask for and receive services from a staff member expect that a diligent effort will be forthcoming and will not be lacking due to the legislator's political or religious beliefs, race, ethnic origin, sex, or physical ability.*

Article III

Obligations of Legislative Staff Members to Each Other

Respectful

Section 1. A trustworthy legislative staff member treats all fellow legislative staff members with respect and appreciates the pressures they work under and the difficulty of some of the choices they must make.

Comment: Because legislative staff members are in the best position to understand the circumstances of other legislative staff members and to know the obligations they are under, they have a strong obligation to be considerate of each other.

Supportive

Section 2. A trustworthy legislative staff member supports the efforts of fellow legislative staff members to meet their obligations and perform their work and is willing to operate as part of a team when appropriate.

Comment: *For a staff member to fail to support a colleague, or to work against a colleague's efforts to perform his or her work, is to lessen the ability of the staff as a whole to perform its work for the legislature. Staff members often work on opposite sides of an issue or for legislators who oppose each other, but this does not require that they seek to harm a colleague's reputation, question his or her motives, or affect the terms of his or her employment. Indeed, because staff members depend on each other for assistance and support, the obligations to be honest, discreet, candid, objective, competent, diligent, and fair apply in their relations to each other as well as in their relations to legislators.*

Article IV

Obligations of Legislative Staff Members to the Public

Courteous

Section 1. A trustworthy legislative staff member is courteous to all members of the public with whom he or she interacts in his or her work.

Comment: *Some legislative staff members are hired to provide direct services to the public; many others will from time to time have direct contact with the public. As government employees, staff members will respect the need of members of the general public, the press, members of other governmental agencies, and lobbyists to have information about the legislature. They will, subject to legal and policy guidelines, attempt to meet that need. If a staff member does not have what is requested, he or she will help citizens find the information or assistance they seek.*

Law-Abiding

Section 2. A trustworthy legislative staff member is law-abiding. He or she encourages lawfulness in the activities of all participants in the legislative process.

Comment: *A legislative staff member has the same obligation as any citizen in this regard. But because of the position he or she holds as the employee of a law-making organization, the staff member is subject to a high standard of knowledge and conduct. If a staff member is directly aware of unlawful activities which involve the legislative process, it is consistent with this code for him or her to pursue appropriate channels, subject to other codes and obligations.*

Article V

Staff Expectations of the Legislature

Supportive

Section 1. In placing their knowledge and skills at the service of the legislature and in committing themselves to be trustworthy servants of the legislature, legislative staff members rightfully expect that the legislature will clarify staff responsibilities and will support staff members in fulfilling their obligations under this code of conduct.

Substance Abuse Policy

- A. In this Policy, the following words have the meanings indicated.
- (1) “Substance” means alcohol or drugs.
 - (2) “Alcohol” means ethyl alcohol or ethanol.
 - (3) “Drugs” means any substance, including controlled dangerous substances, taken into the body, other than alcohol, which may impair one’s mental faculties, and changes one’s mood and/or physical performance.
 - (4) “Abuse” means:
 - (a) any use of any illegal drug;
 - (b) intentional misuse of any over-the-counter drug, in cases where such misuse impairs job performance;
 - (c) use of any prescription drug in a manner inconsistent with its medically prescribed, intended use, or under circumstances where use is not permitted;
 - (d) use of alcohol where such use impairs job performance; and
 - (e) intentional and inappropriate use of any substance, legal or illegal, which impairs job performance.
 - (5) “Workplace” means a State owned or utilized premise for official State business.
- B. The Legislative Branch of State government establishes and adopts the following substance abuse policy:
- (1) Employees are prohibited from unlawfully manufacturing, distributing, dispensing, possessing, or using a controlled substance in the workplace.
 - (2) All employees must report to work in a fit condition to perform their duties. Reporting to work under the influence of drugs or alcohol is a violation of this policy and shall subject the employee to disciplinary action.
 - (3) All employees on official business, on or off the workplace, are prohibited from purchasing, transferring, using, or possessing illegal drugs or from abusing alcohol or prescription drugs in any way that is illegal.
 - (4) All employees must cooperate fully with appropriate law enforcement authorities in the investigation and prosecution of illegal drug or alcohol use.

- (5) The Legislative Branch of State government will educate and inform its employees about:
 - (a) The dangers of drug and alcohol abuse in the workplace and the community at large.
 - (b) The Legislative Branch of State government's policy of maintaining a drug-free workplace.
 - (c) Any drug and alcohol abuse counseling, rehabilitation, and employee assistance programs that are available; and
 - (d) The penalties that may be imposed upon employees for drug and alcohol abuse violations.
 - (6) Employees will not be terminated for voluntarily seeking assistance for a substance abuse problem. However, continued unacceptable job performance, attendance and/or behavior problems shall result in disciplinary action up to and including termination.
 - (7) Any employee found to be in violation of any of the provisions of this policy may be subject to the disciplinary actions and penalties as provided in other legislative personnel policies.
 - (8) All department and unit heads and supervisors are responsible for adherence, implementation, enforcement, and monitoring of this policy.
 - (9) All employees of the Legislative Branch of State government shall be provided with a copy of this policy.
- C. The Legislative Branch of State government is committed to making good faith efforts to insure a safe, secure, and drug-free workplace for its employees consistent with the Drug-Free Workplace Act, government operations, and the needs of employees to work in a drug-free environment conducive to productive and satisfying job experiences. This policy requires the cooperation and support of all employees as the General Assembly moves towards that objective.

Maryland General Assembly Internet and Email Policy

The General Assembly provides access to the Internet and email for its staff. **E-mail accounts are generally not provided to contractual employees.** Offices in the Annapolis complex have access through our local area network and wireless network. Members who have the Legislative Office Package may contact the Office of Information Systems to request high-speed setup for their district offices. Internet services provided in members' district offices fall under the same guidelines detailed below.

Email and the Internet are intended to be useful tools to assist members and staff in their legislative work. This policy is not intended to unnecessarily restrict use of these tools, but rather to provide a guide to appropriate use and protect the General Assembly, its members, and staff from repercussions which might stem from inappropriate use.

Policies for Use

1. Primary use shall be for legislative purposes; that is, conducting the business of the legislature, the legislative business of its members, and the business of its staff agencies. No one may use General Assembly facilities for commercial use or for personal gain.
2. Individuals may use email and the Internet for the purpose of training, familiarization with the technology, and/or familiarization with the information resources available. This may include incidental personal use. However, any use which interferes with the operation of the General Assembly's computer systems or network or which adversely affects other users must be discontinued immediately upon notice or discovery of such effects.
3. Any intentional use which is illegal, abusive, or harassing is prohibited. Staff are expected to conduct themselves in a professional manner when using Internet resources and communicating via the Internet and email and to observe customary standards of "Netiquette." The General Assembly will maintain and distribute a compilation of guidelines and standards for its users.
4. The department applies industry standard filters that restrict access to websites that host inappropriate content. However, **users are still cautioned that they are responsible for exercising the appropriate discretion in use of sites.** Users are advised that the Department has the capability to track or monitor Internet use. Internet and email usage is subject to audit.
5. On matters reflecting Internet uses that are not covered in the above paragraphs, use of General Assembly and other State computer and communication resources will be governed by applicable existing policies concerning use of State owned and/or operated equipment, facilities, and resources and those concerning actions of members and staff.
6. Violations of this policy will be considered as personnel matters to be resolved by the individual's supervisor or supervising member in the case of legislative staff, and by the Presiding Officers in the case of members. Violation may lead to disciplinary action commensurate with the severity of the violation.

12/2/15

Maryland General Assembly Anti-Harassment Policy and Procedures

I. Statement of General Assembly Policy

The Maryland General Assembly is committed to creating and maintaining a work environment in which all members and employees are treated with respect and are free from unlawful discrimination and harassment.

A. Harassment Prohibited

It is the policy of the Maryland General Assembly that harassment based on an individual's race, color, religion, sexual orientation, national origin, age, disability, marital status, citizenship, sex, or any other characteristic protected by law is prohibited.

B. Sexual Harassment Prohibited

Sexual harassment is a form of sex discrimination that could violate federal and State law, as well as the United States and Maryland Constitutions. Sexual harassment is illegal and is in conflict with the personnel practices and public policies of the State of Maryland. Sexual harassment by a member or employee of the Maryland General Assembly is prohibited and will not be tolerated.

Sexual harassment, for the purpose of this policy, is defined as unwelcome sexual advances, requests for sexual favors, and other verbal, nonverbal or physical contact of a sexual nature when, for example:

- submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
- submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual; or
- such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment, which is perceived by the victim to be abusive or hostile.

Sexual harassment may include a range of subtle or overt behaviors and may involve individuals of the same or different gender. Depending on the circumstances, these behaviors may include, but are not limited to: unwanted sexual advances or requests for sexual favors; sexual jokes and innuendo; verbal abuse of a sexual nature; unwelcome commentary about an individual's body, commentary about an individual's sexual prowess or sexual deficiencies; leering, whistling or touching; insulting or obscene comments or gestures; displaying, communicating, or distributing sexually suggestive objects, pictures, or messages in the workplace; and other physical, verbal, nonverbal or visual conduct of a sexual nature.

II. Scope of the Policy and Individuals Covered

This policy applies to members, regular, full-time, part-time, temporary, and contractual employees of the Maryland General Assembly, as well as interns and pages assigned to the Maryland General Assembly. In addition, this policy covers the interaction of these individuals away from the legislative complex at legislative-sponsored events, professional meetings or seminars, and those activities that involve legislative business.

III. Procedures for Reporting, Investigating, and Resolving Harassment Complaints

A. Reporting Complaints

Early reporting and intervention are most effective in resolving actual or perceived incidents of harassment. Therefore, the Maryland General Assembly encourages the prompt reporting of complaints or concerns so that rapid and constructive action can be taken before relationships become irreparably strained and before offensive conduct continues or escalates.

The Maryland General Assembly encourages good faith reporting of all perceived incidents of discrimination, harassment or retaliation, regardless of the offender's identity or position. Individuals who believe that they have been exposed to such conduct should discuss their concerns with the Human Resources Manager of the Department of Legislative Services, the Administrative Assistant to either Presiding Officer, or the Chief of Staff to either Presiding Officer.

Adverse actions taken in retaliation against an individual for reporting sexual harassment or other unlawful discrimination or for participating in an investigation of a claim of harassment or discrimination constitutes a serious violation of this policy and, like harassment or discrimination itself, will be subject to disciplinary action. An individual making a report shall be advised of the prohibition against retaliation at the time the individual makes the complaint. As appropriate, remedial measures will be discussed with the individual who made a report.

B. Investigation

If the problem is not resolved informally to the satisfaction of the individual who made the report, the Human Resources Manager will promptly conduct an investigation of the complaint. All information will be maintained on a confidential basis to the greatest extent possible. Only those who need to know in order to accomplish the purpose of the investigation shall be provided with the identity of the complainant and the allegations. All parties, including the complainant and the alleged harasser, contacted in the course of an investigation shall be advised of the necessity of confidentiality and that any breach of confidentiality shall be treated as misconduct subject to disciplinary action.

C. Resolution

In order to facilitate an appropriate resolution, any complaint involving a member of the Maryland General Assembly will be promptly brought to the attention of the relevant presiding officer (either the President of the Senate or the Speaker of the House) and may be brought to the

attention of the relevant minority or majority leader. For the same reason, any complaint involving an employee of the Department of Legislative Services will be promptly brought to the attention of the Department's Executive Director.

If the investigation supports a finding of a violation of this policy, prompt and effective remedial action will be taken. Responsive action may include, but is not limited to, training, referral to counseling or disciplinary action as determined to be appropriate under the circumstances. Disciplinary action for a non-legislator may include, but is not limited to, warning, reprimand, withholding of a promotion or pay increase, reassignment, temporary suspension without pay, termination or other punishment. For constitutional reasons, disciplinary action for a legislator may include warning, reprimand, reassignment, or other punishment in accordance with Article III, Section 19 of the Maryland Constitution.

If the investigation does not support a finding that this policy has been violated, the individual making the complaint and the individual against whom the allegation was made shall be so advised. Both will be advised that retaliation for making the complaint is prohibited.

D. Appeal

If a party to a complaint does not agree with its resolution, that party may appeal to the appropriate Presiding Officer within 10 days of receiving notice about resolution of the complaint. Within 45 days, the presiding officer or designee will render a decision on the appeal.

IV. Policy Summary

This policy reflects the strong commitment of the Maryland General Assembly to provide its members and employees with an environment free from unlawful discrimination, including sexual harassment, and from retaliation for exercising rights under this policy. The General Assembly is committed to investigating complaints of discrimination, harassment, and retaliation promptly and thoroughly, regardless of who brings them or against whom they are brought.

**If you have any questions about this policy,
see or call any of the following persons:**

Joy Walker

Administrative Assistant to the President of the Senate
410-841-3700

Victoria Gruber

Chief of Staff, President of the Senate
410-841-3700

Alexandra Hughes

Chief of Staff, Speaker of the House of Delegates
410-841-3800

Valerie Kwiatkowski

Assistant to the Speaker of the House of Delegates/House Administrator
410-841-3800

Lori Mathis

Human Resources Manager
410-946-5120

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