

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 1147 (Delegate W. Baker. *et al.*)

Economic Matters

Workers' Compensation - Students in Unpaid Work-Based Learning Experiences

This bill provides workers' compensation coverage for students in "unpaid work-based learning experiences" by defining them as covered employees for the purposes of workers' compensation. An unpaid work-based learning experience is defined as one that: occurs in the workplace; links with classroom instruction; is coordinated by a county board of education; and is based on an individual work-based learning agreement between the county board of education and an employer for each participating student.

The bill takes effect July 1, 1999.

Fiscal Summary

State Effect: Minimal increase in workers' compensation expenditures for State agencies with students in unpaid work-based learning experiences who are injured in the workplace, potentially offset by reduced tort claim liabilities.

Local Effect: Minimal increase in workers' compensation premiums (or claims, if self-insured) for local governments with students in unpaid work-based learning experiences, potentially offset by reduced tort claim liabilities. Minimal increase in workers' compensation costs for boards of education if they provide workers' compensation coverage in lieu of the private employer.

Small Business Effect: Minimal increase in workers' compensation premiums for small businesses with students in unpaid work-based learning experiences, potentially offset by reduced tort claim liabilities.

Fiscal Analysis

State Expenditures: To the extent that State agencies accept students for unpaid work-based learning experiences, the State would be required to provide workers' compensation coverage for these students. The students would be eligible for coverage of medical expenses for an injury in the workplace. If a student suffered a serious permanent partial disability or a permanent total disability, the student could receive compensation based on the federal minimum wage.

This coverage would result in a minimal increase in expenditures of all fund types. Coverage would be provided by the Injured Workers' Insurance Fund (IWIF), an off-budget State agency that provides workers' compensation coverage to the State and other employers. The amount of additional claims incurred by the State for these students cannot be reliably estimated at this time but is assumed to be minimal. IWIF advises that its average claim cost is approximately \$9,600; this reflects both medical claims (which normally cost much less than \$9,600) and permanent total claims (which can cost much more than \$9,600).

These additional workers' compensation costs could be offset by reduced tort claims against the State by injured students. Under the Maryland Tort Claims Act, the State allows itself to be sued for up to \$100,000.

Information Source(s): Injured Workers' Insurance Fund; Uninsured Employers' Fund; National Council on Compensation Insurance, Inc.; Department of Legislative Services

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