

**Department of Legislative Services**  
 Maryland General Assembly  
 2005 Session

**FISCAL AND POLICY NOTE**

Senate Bill 114  
 Finance

(Senator Klausmeier, *et al.*)

**State Personnel - Contractual Employees of Department of Juvenile Services  
 Facilities - Health Insurance Benefits**

This bill permits a contractual employee working in a facility established and operated by the Department of Juvenile Services (DJS) to participate in the State Employee and Retiree Health and Welfare Benefits Plan (State plan) to the same extent and under the same terms and conditions, including State subsidies, as a budgeted State employee of the facility.

The bill takes effect June 1, 2005.

**Fiscal Summary**

**State Effect:** General fund expenditures could increase by \$2.0 million in FY 2006. Future years reflect annual health insurance inflation. State plan expenditures would not be affected. Revenues would not be affected.

(\$ in millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	2.0	2.2	2.5	2.8	3.1
Net Effect	(\$2.0)	(\$2.2)	(\$2.5)	(\$2.8)	(\$3.1)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** None.

## Analysis

**Current Law:** A contractual employee is an individual who provides temporary personal services to the State for pay and who is not employed in a budgeted position. A contractual employee may enroll in the State plan; however, the employee must pay the total cost of the premium in accordance with the direct billing procedures of the Department of Budget and Management and may not receive a State subsidy.

**State Fiscal Effect:** DJS general fund expenditures could increase by \$1,996,085 in fiscal 2006. This estimate reflects the June 1, 2005 effective date of the bill and assumes all eligible contractual employees would enroll in the State plan beginning July 1, 2005. The proposed fiscal 2006 budget provides for 186.55 eligible full-time equivalent contractual positions (166 residential facilities operations employees and 20.55 health services employees who work at the residential facilities). It assumes DJS would pay the fiscal 2006 health benefits rate of \$10,700 per employee, which includes a subsidy for retiree health insurance, since the bill specifies a contractual employee may enroll in the State plan under the same terms and conditions as a budgeted employee. Future year estimates reflect 11.7% annual State plan health insurance rate inflation.

The Department of Budget and Management could handle any additional administrative requirements within existing State plan budgeted resources. Revenues would not be affected.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Juvenile Services, Department of Budget and Management (Employee Benefits Division), Department of Legislative Services

**Fiscal Note History:** First Reader - February 1, 2005  
fnote1/jr

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