

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

Senate Bill 297

(Senator Stone, *et al.*)

Finance

Education - Retirees of a County Board of Education - Health Benefits

This bill requires a county board of education, if it provides health benefits to current employees, to provide health benefits to retired principals, teachers, and other certificated and noncertificated employees of the county board. The county board may establish different cost-sharing ratios for retirees and for current employees.

Fiscal Summary

State Effect: None.

Local Effect: Maintaining health benefits for retirees would not materially affect local board of education expenditures. **This bill imposes a mandate on a unit of local government.**

Small Business Effect: None.

Analysis

Current Law: County boards of education are not required to provide health benefits to either employees or retirees.

Background: According to a survey conducted by the Maryland Retired Teachers Association (MRTA), all 24 county boards of education provide some type of retiree health benefits. The nature of the health plan(s) offered and the amount of county subsidy, if any, vary widely by jurisdiction. Eighteen of the 24 boards require retirees to meet minimum years-of-service requirements to be eligible for any county subsidy. Five

county boards, including Baltimore, Calvert, Cecil, Frederick, and Queen Anne's counties, limit county subsidies to those retirees participating in the State Teachers Retirement and Pension Systems.

There are about 46,205 retirees receiving health benefits from county boards. Not all county boards responded to the survey questions regarding the costs of retiree health benefits. The 20 boards that did respond are paying about \$119,781,800 for the employer's cost. Eighteen boards reported their retirees will contribute about \$57,083,800 toward the cost of their health benefit premiums.

Additional Information

Prior Introductions: A similar bill, SB 465 of 2004, would have required a county board of education to provide comparable health benefits to retirees and employees. It received an unfavorable report from the Finance Committee.

Cross File: HB 473 (Delegate Conroy, *et al.*) – Appropriations.

Information Source(s): Maryland Association of Boards of Education, Maryland State Department of Education, Maryland Retired Teachers Association, Department of Health and Mental Hygiene, Maryland Insurance Administration, Department of Legislative Services

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