

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 205

(Delegate Clippinger, *et al.*)

Economic Matters

Finance

Workers' Compensation - Permanent Partial Disability - State Correctional Officers

This bill alters the definition of “public safety employee” to include State correctional officers, thereby making these officers eligible for enhanced workers’ compensation benefits for claims arising on or after October 1, 2018.

Fiscal Summary

State Effect: Department of Public Safety and Correctional Services (DPSCS) general fund expenditures increase significantly beginning in FY 2019, as discussed below. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Normally, an employee who is awarded compensation for a permanent partial disability for a period less than 75 weeks is eligible to receive weekly benefits of one-third of his or her average weekly wage, but that amount may not exceed 16.7% of the State average weekly wage. However, a public safety employee is eligible for enhanced workers’ compensation benefits if awarded compensation for less than 75 weeks. In such a case, the employer or its insurer must pay the public safety employee at a compensation rate set for an award period of greater than 75 weeks but less than 250 weeks. Thus, a public safety employee is eligible to receive approximately double the weekly benefits –

two-thirds of his or her average weekly wage, but that amount may not exceed one-third of the State average weekly wage. The State average weekly wage for 2018 is \$1,094.

Background: Correctional officers are generally responsible for overseeing individuals who have been arrested and are awaiting trial or have been sentenced to serve a term in prison or jail. The U.S. Bureau of Labor Statistics (BLS) reports that, in the United States, correctional officers have one of the highest rates of injury and illness when compared to other occupations, due primarily to confrontations with inmates. BLS also reports that, because security must be maintained 24 hours a day, officers work all hours of the day and night, as well as weekends and holidays.

DPSCS advises that there are 6,541 State correctional officers.

State Expenditures: Chesapeake Employers' Insurance Company (Chesapeake) administers workers' compensation for State employees; however, all benefits are paid by the State. State correctional officers are entitled to enhanced workers' compensation benefits under the bill's provisions, due to their designation as public safety employees. While the number of affected claims made subject to enhancement in any given year cannot be reliably estimated, any expenditure increase due to this designation is expected to be significant based on prior-year claims data.

Chesapeake reports that, in 2017, approximately \$1.4 million was paid for 227 State correctional officers awarded compensation for less than 75 weeks. Normally, an employee is entitled to one-third of his or her average weekly wage per week, up to 16.7% of the State weekly wage, when awarded compensation for less than 75 weeks. A public safety employee is entitled to two-thirds of his or her average weekly wage per week, up to one-third of the State average weekly wage (\$350 in 2017, increasing to \$365 in 2018), when awarded compensation for the same period of time. *For illustrative purposes only*, if State correctional officers were eligible for enhanced compensation benefits in 2017, general fund expenditures would have increased by as much as \$1.4 million in that year.

Additional Information

Prior Introductions: SB 576 of 2017 received a hearing in the Senate Finance Committee, but no further action was taken. Its cross file, HB 1101 of 2017, was reported unfavorable by the House Economic Matters Committee.

Cross File: None designated; however, SB 48 (Senator Mathias – Finance) is identical.

Information Source(s): Department of Public Safety and Correctional Services; Chesapeake Employers' Insurance Company; Uninsured Employers' Fund; Workers' HB 205/ Page 2

Compensation Commission; U.S. Bureau of Labor Statistics; Department of Legislative Services

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