



Maryland

DEPARTMENT OF BUDGET
AND MANAGEMENT

WES MOORE
Governor

HELENE GRADY
Secretary

ARUNA MILLER
Lieutenant Governor

MARC L. NICOLE
Deputy Secretary

SENATE BILL 691 Higher Education - Firefighters and EMS Recruitment and Retention - Scholarship and Loan Repayment Assistance

STATEMENT OF INFORMATION WITH AMENDMENT

DATE: February 28, 2024

COMMITTEE: Education, Energy, and the Environment

SUMMARY OF BILL: Senate Bill 691 would require the Department of Budget and Management (DBM) to evaluate the feasibility of including firefighters who are employed or voluntary members of a fire or rescue entity in the State Employee and Retiree Health and Welfare Benefits Program (Program). Under the bill, firefighters may only participate if they do not receive comparable health benefits from the fire or rescue entity. Additionally, Senate Bill 691 asks DBM to evaluate the feasibility of a program designed to efficiently and effectively provide child care for firefighters who are employed by or are voluntary members of a fire or rescue entity.

EXPLANATION: The State currently extends group health insurance coverage to State employees and retirees, employees of satellite organizations (*i.e.* local governments), and nonprofit organizations listed in State Personnel & Pensions Article, Section 2-512. The Secretary is required to make determinations to ensure the Program adheres to federal compliance obligations and maintains its governmental cafeteria plan status. All participants under the Program have an employer-employee relationship established through being a State of Maryland employee, an employee of a qualifying nonprofit organization, or an employee of a satellite organization.

Extending coverage to individuals who are not employed by a participating eligible governmental entity, non-profit, or satellite organization will put the Program at risk of losing its governmental plan status. The consequences of losing the State's governmental plan status or coming into conflict with federal compliance obligations are exceedingly burdensome. The most severe consequence would be the loss of pre-tax payment features that State employees enjoy and depend upon. In order to carry out the Secretary's fiduciary duty to protect the Program from such drastic consequences, DBM, in consultation with legal counsel, makes determinations as to which entities may participate in the State plan on a case-by-case basis. Given the consequences, it is not feasible to include individual firefighters that are employed by or are voluntary members of a fire or rescue entity under the Program. Since this would be

the determination of any study conducted as required by Senate Bill 691, DBM does not believe additional study is necessary.

Additionally, the feasibility of providing child care to firefighters is not a topic within DBM's usual purview or expertise. DBM would recommend amending the legislation to remove this request from DBM.

DBM POSITION: INFORMATION WITH AMENDMENT. DBM does not believe a study on the feasibility of adding firefighters to the State's health insurance plan is needed as DBM has already shared the assessment in this document. Additionally, DBM suggests an amendment to remove the request for a study on child care for firefighters, as this topic is not typically in DBM's purview.

**For additional information, contact Laura Vykol-Gray at
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