

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 403
Finance

(Senator Middleton)

Economic Matters

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

This bill expands to all local boards of education the authority to waive the requirement that a participating employer reimburse the local board for the cost of workers' compensation insurance coverage provided to students placed in unpaid work-based learning experiences.

Fiscal Summary

State Effect: The bill does not affect State operations or finances.

Local Effect: Local government revenues decrease, likely minimally, to the extent that a local board of education waives the requirement for reimbursement under the bill. Expenditures are not affected.

Small Business Effect: Potential meaningful.

Analysis

Bill Summary/Current Law: All employers in Maryland are required to provide workers' compensation coverage for their employees. The cost to the employer varies by industry, and there are approximately 600 industrial classifications.

Even though not technically an employee, when a student is placed in an unpaid work-based learning experience, the employer is also required to secure workers' compensation coverage for the student. A local board of education (or private noncollegiate institution) is authorized to provide the coverage for the student instead;

however, if it does so, the employer must reimburse the local board or institution in an amount equal to the lesser of the cost of the premium for the coverage or a \$250 fee.

In three counties (Allegany, Cecil, and Howard), the local boards of education are authorized to waive the reimbursement requirement. The bill expands this authorization to apply to any local board of education.

Local Revenues: The bill authorizes, but does not require, any local board of education to waive the requirement that an employer reimburse the local board for the cost of workers' compensation insurance coverage provided to students placed in unpaid work-based learning experiences. Consequently, the bill only affects those local boards of education that choose to waive this requirement.

The Department of Legislative Services advises that a local board of education is unlikely to do so if it would have a significant impact on its operations and finances; therefore, any effect of the expanded authorization under the bill is expected to be minimal.

Small Business Effect: Small businesses that participate in work-based learning programs may no longer be required to reimburse any local board of education for workers' compensation costs if the affected local board chooses to waive the reimbursement requirement. This may encourage more small businesses to participate in work-based learning programs to the benefit of the students and the businesses.

Additional Information

Prior Introductions: None.

Cross File: HB 814 (Delegate Patterson, *et al.*) - Economic Matters.

Information Source(s): Baltimore City; Montgomery County; Maryland State Department of Education; Chesapeake Employers' Insurance Company; Uninsured Employers' Fund; Department of Legislative Services

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