

Legislative Analysis



LIMIT HEALTH BENEFITS FOR SCHOOL EMPLOYEES

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House Bill 4803

Sponsor: Rep. Lorence Wenke

Committee: Education

Complete to 5-23-07

A SUMMARY OF HOUSE BILL 4803 AS INTRODUCED 5-17-07

The bill would amend the Revised School Code to prohibit a school board, intermediate school district board, or public school academy (charter school) board from providing a benefit plan providing medical, optical, or dental benefits to an employee or group of employees, or their dependents, if the cost of the benefit plan exceeds the cost of the most expensive benefit plan covering the same type of benefits that is offered to a nonexclusively represented employee in the classified state civil service.

The Department of Civil Service would be required to post on its website the cost of the most expensive benefit plan covering medical, optical, and dental benefits that is offered to a nonexclusively represented employee in the classified state civil service and promptly update the website if those costs change.

MCL 380.1255

BACKGROUND INFORMATION:

Nonexclusively represented employees (NEREs). Over 70 percent of state classified civil service employees are covered by a collective bargaining system and are represented by unions. The remaining state classified civil service employees who occupy supervisory, managerial, and confidential positions are not eligible for exclusive representation by unions (although they may join limited recognition unions). These nonexclusively represented employees (NEREs) have their terms and conditions of employment determined through a process administered by the Civil Service Employee Relations Board. The Employee Relations Board serves as a Coordinated Compensation Panel. This panel recommends a Coordinated Compensation Plan for NEREs to the Civil Service Commission on an annual basis. The Coordinated Compensation Plan and the collective bargaining agreements entered into with exclusively represented employees are subject to the review, modification, and approval by the Civil Service Commission.

State Health Plan Costs. NEREs are currently covered by their choice of the same State Health Plan covering other classified civil service employees or an HMO, depending on their county of residence. Plan booklets and charts showing the biweekly cost to the employer and the employee can be found on the Michigan Department of Civil Service Website. Although the biweekly costs to the employer and employee are set forth on

these charts, the State Health Plan is self-funded and so the actual cost to the State of Michigan of the plan may vary based on claims history in a given year.

A 2006-2007 rate chart for active employees can be found at:
http://www.michigan.gov/mdcs/0,1607,7-147-22854_6649_37519---,00.html.

FISCAL IMPACT:

There potentially could be an indeterminate cost to the State. The State would incur costs associated with the proposed legislation if it is required to provide any oversight in monitoring school districts' benefit packages.

There also would be an indeterminate savings to local school districts that currently provide a benefit package exceeding the requirements in the bill. The amount of savings will vary by school district. Districts may not see savings until current contracts expire.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.