

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
ASSEMBLY, No. 2427

STATE OF NEW JERSEY

DATED: APRIL 29, 1997

Bill Summary:

Assembly Bill No. 2427 (1R) of 1996 requires the Department of Human Services (DHS) to provide in-service, on-site training for all nursing direct care staff and support staff who have direct contact with patients at a State psychiatric facility. For existing staff affected by the legislation, training would be completed within 18 months; for employees hired after the legislation's effective date, training would have to be completed within one year of the date of hire.

Also, as of January 1, 1999, persons hired as either a Human Services Assistant (HSA) or Human Services Technician (HST) must successfully complete one year of schooling in a four-year or two-year accredited college, in appropriate courses approved by DHS, or one year of nursing in an accredited nursing program.

A HSA who meets this educational requirement would earn a minimum base salary of \$25,000, based on a 40-hour work week. A HST who meets this educational requirement would earn a minimum base salary of \$27,500, based on a 40-hour work week. Currently employed HSAs or HSTs who do not hold an equivalency degree or high school diploma are encouraged, but are not required, to obtain an equivalency degree or high school diploma and earn a higher salary.

Agency Comments:

DHS and the Office of Management and Budget have not provided any fiscal information on the legislation.

Office of Legislative Services Comments:

State costs would increase by at least \$7.3 million and possibly more, as follows:

- C There are approximately 1,300 HSAs employed by DHS, who earn an average annual salary of about \$19,400. If all 1,300 HSAs met the new educational requirements, increasing the minimum base salary to \$25,000 (from the current annual average of \$19,400) would increase annual salary costs by about \$7.3 million. As overtime pay is based on a person's salary and as most HSAs receive overtime pay, overtime costs are likely to increase, unless there is a corresponding reduction in the number of overtime hours HSAs work. Other State employee related costs with respect to Social Security, pension contributions and group life insurance

would increase by some unknown amount.

- C Increasing the annual base salary of HSTs to \$27,500 would have no fiscal impact as the current average annual salary of HSTs is \$27,100. The current State contract should result in HSTs earning at least \$27,500 by January 1, 1999.
- C The percentage increase in the minimum base salary for HSAs is far greater than the percentage increase in the minimum base salary for HSTs. This will likely result in pressure to increase the minimum base salaries for HSTs beyond the \$27,500 specified in the legislation.
- C An increase in the HSAs and HSTs salaries will likely increase the minimum base salaries for other direct care employees. How much other personnel costs may increase as a result of such increases cannot be determined but is likely to be in the millions of dollars annually.
- C Increasing the minimum base salary for other direct care employees of State psychiatric hospitals will also have an impact on State overtime costs, Social Security payments, pension contributions and group life insurance costs.
- C The seven State psychiatric hospitals currently employ over 4,000 full-time, direct care employees who would have to be provided in-service, on-site training within 18 months. Costs associated with such training cannot be determined, though it is noted that employees already receive in-service, on-site training and that additional training would be coordinated with any existing training employees currently receive.

Finally, it is noted that some portion of the cost increases mentioned above may be recaptured through increased federal Medicaid and disproportionate share reimbursements the State receives on behalf of patients at the State psychiatric hospitals.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.