

LEGISLATIVE FISCAL ESTIMATE TO

[First Reprint]
SENATE, No. 1543

STATE OF NEW JERSEY

DATED: DECEMBER 13, 1996

Bill Summary:

Senate Bill No. 1543 (1R) of 1996 requires the Department of Human Services 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 college or one year of nursing in an accredited nursing program. An HSA who meets this educational requirement would earn a minimum base salary of \$25,000, 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:

The Department of Human Services (DHS) and the Office of Management and Budget have not provided any fiscal information on the legislation.

Office of Legislative Services Comments:

The seven State psychiatric hospitals currently employ over 4,000 full-time, direct care employees that 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 such additional training would be coordinated with any existing training employees currently receive.

There are currently over 1,300 HSAs employed by DHS, who earn an average annual salary of about \$19,000. If all 1,300 HSAs met the new educational requirements, increasing the minimum base salary to \$25,000 (from the current annual average of \$19,000) would increase annual salary costs by about \$7.8 million. Since overtime pay is based on a person's salary and 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. (Some of these cost increases may be recaptured through increased federal Medicaid and disproportionate share reimbursements the State receives on behalf of patients at the State psychiatric hospitals.)

Finally, increasing the minimum base salary for HSAs will likely result in an increase in minimum base salaries for other direct care employees. For example, the average salary for HSTs is \$26,900. If the minimum salary for HSAs increases from \$19,000 to \$25,000, the State would probably have to increase the minimum base salaries of HSTs. How much other personnel costs may increase as a result of increasing the minimum base salary for HSAs to \$25,000 cannot be determined but is likely to be in the millions of dollars annually. Increasing the minimum base salary for other direct care employees of State psychiatric hospitals will also increase State overtime costs, Social Security payments, pension contributions and group life insurance costs.

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.