

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 129 (Delegate Owings)  
Appropriations

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State Police Retirement System - Benefits

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This pension bill enhances retirement benefits of the State Police Retirement System by increasing the benefit formula from one forty-fifth (1/45 or 2.2%) to one thirty-eighth (1/38 or 2.6%) per year of service for the member's first 25 years of service. The bill caps retirement benefits at 71.2% of average final compensation and increases the employee contribution rate from 4% to 8% after 25 years of service.

The bill is effective July 1, 1996.

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Fiscal Summary

**State Effect:** General fund retirement expenditures could increase by an estimated \$6.2 million beginning in FY 1998. Future year expenditures reflect growth consistent with actuarial assumptions. Revenues would not be affected.

(\$ in millions)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditures	0	6.2	6.5	6.8	7.1
Net Effect	\$0	(\$6.2)	(\$6.5)	(\$6.8)	(\$7.1)

Note: ( ) - decrease; GF - general funds; FF - federal funds; SF - special funds

**Local Effect:** None.

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Fiscal Analysis

**State Expenditures:** There were 1,577 active members of the State Police Retirement System at June 30, 1995 with annual salaries of \$60.7 million. The State's actuary advises that the employer contribution rate would increase from 17.65% to 27.83% due to the benefit increase proposed by this bill. Thus, general fund expenditures could increase by an

estimated \$6.2 million (\$60.7 million x (27.83%-17.65%)) beginning in fiscal 1998, increasing 5% annually thereafter.

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**Information Source(s):** Milliman and Robertson, Maryland State Retirement Agency, Department of Fiscal Services

**Fiscal Note History:** First Reader - February 1, 1996

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