

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1073  
Appropriations

(Delegate Johnson, *et al.*)

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Law Enforcement Officers' Pension System - Military Service Credit

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This bill allows a member or vested former member of the Law Enforcement Officers' Pension System (LEOPS) to earn military service credit even if that member or former member receives service credit for the same military service under another retirement system. **The bill takes effect July 1, 2020.**

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Fiscal Summary

**State Effect:** No discernible effect on State pension liabilities or contribution rates, as discussed below. No effect on revenues.

**Local Effect:** Negligible increase in local participating governmental units' (PGUs) pension liabilities, and no discernible effect on local employer contributions due to the small number of affected members in the PGU pool. No effect on revenues.

**Small Business Effect:** None.

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Analysis

**Current Law:** In general, any member or vested former member of the State Retirement and Pension System (SRPS) who accrues 10 years of service as a member of any State plan may receive 1 year of additional service credit for each year of active military duty performed prior to membership in SRPS, up to a maximum of 5 years. That credit is granted at no cost to the member or former member and is applied using the accrual rate in effect when the member or former member submits an application for the credit to the State Retirement Agency (SRA).

However, SRPS members or vested former members who claim credit for the same military service from another retirement system may not receive military service credit from SRPS, unless they claimed credit for that military service from:

- Social Security;
- National Railroad Retirement Act; or
- National Guard or military reserves pensions (Title 3 or Title 10 of the U.S. Code).

This generally means that any SRPS member receiving a military pension after completing 20 years of *active* military service cannot claim the military service credit from SRPS.

**Background:** As of June 30, 2019, there were 1,615 active members in LEOPS and 188 former vested members.

**State Expenditures:** SRA, the Military Department, and the Personnel Unit within the Department of Budget and Management do not have reliable data on the number of State employees with prior military service, nor data on the number who have retired from the military and are receiving a military pension. Therefore, a reliable estimate of the number of LEOPS members who would be eligible to claim military service credit under the bill cannot be determined.

However, using a variety of data sources, *and for illustrative purposes only*, the Department of Legislative Services estimates that only about three current active members of LEOPS may be eligible for military service credit under the bill. The General Assembly's consulting actuary identified 110 active LEOPS members who fit the profile of individuals who could be eligible to claim additional service credit. These individuals are generally at least age 50 and, therefore, could have served 20 years in the military and earned 10 years of service credit in SRPS, making them eligible for the military service credit. The U.S. Department of Defense advises that approximately 55,000 military retirees live in Maryland, which is 3% of the State's population age 50 or older. Assuming the same percentage of LEOPS members identified by the actuary in that age group are military retirees, approximately three LEOPS members may be eligible for 5 years of military service credit. To the extent that individuals in law enforcement roles may be more likely to have served in the military, the number of affected individuals may be greater.

Given the limited number of people who can likely claim the military service credit, the Department of Legislative Services concludes that the bill likely has no discernible effect on State pension liabilities or contribution rates.

## **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Maryland Association of Counties; Department of Budget and Management; Military Department; Bolton; State Retirement Agency; Department of Legislative Services

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