

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1280 (Delegate C. Mitchell, et al.)
Appropriations

Retirement - Correctional Dietary and Maintenance Officers

This bill authorizes correctional dietary and maintenance officers to participate in the Correctional Officers' Retirement System (CORS). Under current law these employees are members of the Employees' Retirement and Pension Systems.

Fiscal Summary

State Effect: State retirement expenditures would increase by an estimated \$2.9 million annually beginning in FY 1998; future years reflect actuarial increases. 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/SF/FF Exp.	0	2.9	3.2	3.6	3.9
Net Effect	\$0	(\$2.9)	(\$3.2)	(\$3.6)	(\$3.9)

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

Local Effect: None.

Fiscal Analysis

State Expenditures: The Employees' Retirement and Pension Systems are 30-year and out plans, which means a member may retire with unreduced benefits after 30 years. The CORS is a 20-year and out plan with increased retirement benefits. 538 employees have been identified as eligible to participate in the CORS under this bill. The State's actuary advises that authorizing these employees to participate in the CORS would increase the actuarial liabilities of the systems by an estimated \$50.9 million. The increased liabilities would be amortized through the year 2020 with a first year cost of \$2.9 million beginning in fiscal 1998. Such expenditures are assumed to be spread 60% general fund, 20% special fund, and 20% federal funds. Out-year expenditures are assumed to increase consistent with actuarial estimates.

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

Fiscal Note History: First Reader - March 13, 1996

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