SB 691

Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE

Senate Bill 691 (Senator McFadden)
Budget and Taxation

Pensions - Baltimore City Deputy Sheriffs

This pension bill establishes a 25-year and out pension system for Baltimore City Deputy Sheriffs. The bill provides that upon retirement, after 25 years of service or attainment of age 50, members receive a service retirement allowance equal to 1.0% of average final compensation (AFC) below the Social Security Integration Level and 1.7% for compensation above that level, both for each year of service. A special benefit of 2.05 of AFC is provided for current employees who would transfer from the Employees' Retirement System. The system would provide a post retirement cost-of-living adjustment (COLA) that is not more than 3% of the original retirement allowance for members transferring from a pension system or an unlimited COLA or 5% of salary unlimited COLA for members of a retirement system contributing 7% or 5%, respectively.

Fiscal Summary

State Effect: State retirement contributions could increase by an estimated $561,000 in FY 1998. Out-year estimates reflect growth consistent with actuarial assumptions. Revenues would not be affected.

(in dollars)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	$0	$0	$0	$0	$0
GF Expenditures	561,000	589,100	618,500	649,400	681,900
Net Effect	($561,000)	($589,100)	($618,500)	($649,400)	($681,900)

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

Local Effect: None.

Fiscal Analysis

State Expenditures: There are currently 74 positions in the Baltimore City Sheriff's Office. The State's actuary advises that the unfunded liabilities of the retirement and pension systems could increase by $3.2 million under the provisions of the bill. Further, the actuary advises that the State contribution rate would be approximately 17% greater than the fiscal 1997 contribution rate ($561,000) for these deputy sheriffs under current law (8.54%). This contribution rate increase is reflected in the increased State expenditures shown above.

The actuary attributes this increase to (1) the additional benefits payable on account of the reduction in service requirements; (2) an increase in the number of members who elect to retire sooner; and (3) a decrease in member turnover.

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

Fiscal Note History: First Reader - February 15, 1996
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