# HB 1365

## Department of Fiscal Services

Maryland General Assembly

## FISCAL NOTE

House Bill 1365 (Delegate Montague)
Appropriations

**Retirement - Department of Juvenile Justice Employees**

This bill creates the Juvenile Justice Retirement System (JJRS). The JJRS provides a normal service retirement after 25 years of service or at age 55. Retirement benefits are calculated at 1/55th of average final compensation for each year of service and employees are required to contribute 5% of salary. Participation in the system is optional for Youth Supervisors I, II, or III and Supervisors of Group Living I, II, or III. This bill is effective July 1, 1996.

## Fiscal Summary

**State Effect:** State retirement expenditures would increase by an estimated $1.2 million in FY 1988. Future year expenditures reflect 5% growth.

| (in millions) | FY 1997 | FY 1998 | FY 1999 | FY 2000 | FY 2001 |
|---|---|---|---|---|---|
| GF Revenues | $0 | $0 | $0 | $0 | $0 |
| GF Expenditures | 0 | 1.2 | 1.3 | 1.4 | 1.6 |
| Net Effect | $0 | ($1.2) | ($1.3) | ($1.4) | ($1.6) |

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

**Local Effect:** None.

## Fiscal Analysis

**State Expenditures:** Under current law these employees are members of the Employees' Retirement and Pension Systems. These are 30-year and out plans, which means that such employees are eligible for retirement after 30 years of service. 233 employees have been identified as eligible to participate in the JJRS. The State's actuary estimates that creation of the JJRS would increase retirement liabilities by $20.9 million. These liabilities would be amortized through the year 2020 with a first year cost of $1.2 million in fiscal 1998. Out-year retirement expenditures would increase at the actuarially assumed rate of 5%.

**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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