

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1151 (Delegate Heller)
Appropriations

Referred to Budget and Taxation

**Disability Retirement Benefits - Employees of Boards of Education - Offset for
Workers' Compensation Benefits - Exclusion**

This enrolled bill applies to former employees of a county board of education or the Board of School Commissioners of Baltimore City who receive both a disability retirement benefit from the Employees' Retirement System or Employees' Pension System of the Maryland State Retirement and Pension System (MSRPS) and a related workers' compensation benefit.

Under the bill, the county board of education or the Board of School Commissioners would offset (reduce) the workers' compensation benefit based on the payment of the full accidental disability benefit paid by the Employees' Retirement or Pension Systems. Under current law, the MSRPS reduces the disability retirement benefit of such a retiree by any related workers' compensation benefits paid or payable after the effective date of retirement, subject to certain requirements.

Fiscal Summary

State Effect: Minimal indeterminate increase in employer contributions beginning in FY 1999. Revenues would not be affected.

Local Effect: Minimal reduction in workers' compensation costs for local boards of education, as discussed below.

Small Business Effect: None. This bill would not directly affect small businesses.

Fiscal Analysis

Local Expenditures: Under current law, the MSRPS reduces, or offsets, its payments for accidental disability benefits by the amount of a workers' compensation award that is paid or payable after the date of retirement. The State Retirement Agency recovered \$485,346 from 78 retiree accounts in calendar 1996 as offsets of workers' compensation awards reported to

the agency by the Injured Workers' Insurance Fund (IWIF). The amount attributable to employees (i.e., non-teachers) of boards of education that participate in the MSRPS cannot be precisely determined but is assumed to be minimal.

Under the proposal and assuming that this pattern of offsets holds relatively constant over time, benefits paid by the MSRPS would increase by the amount of benefits that are currently offset but which would no longer be offset. These additional liabilities would be reflected in the employer contribution rates of the local governments that participate in the MSRPS. The resulting increase in such employer contributions is expected to be minimal.

Information Source(s): Injured Workers' Insurance Fund, State Retirement Agency, Department of Fiscal Services

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Analysis by: Matthew D. Riven
Reviewed by: John Rixey

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 841-3710
(301) 858-3710