

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 440 (Delegate Exum)

Appropriations

Employees' Pension System - Legislative Employees - Eligibility Service for Full-Time Contractual Employment

This pension bill provides that a member of the Employees' Pension System who is employed by a member of the Maryland Senate or House of Delegates immediately before retirement is entitled to receive credit for eligibility service for employment as a full-time contractual employee of a member of the State Senate or House of Delegates. The bill takes effect July 1, 1998.

Fiscal Summary

State Effect: Indeterminate increase in State pension contributions to provide credit for past contractual full-time service.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Expenditures: Currently, members of the Employees' Pension System (EPS) are permitted to purchase certain periods of employment that are not on their current account (including periods of contractual employment with certain eligible employers). The member pays "full actuarial cost," which is an amount equal to the reserves needed to fund the additional pension allowance produced as a result of purchasing the additional service credit.

Under this proposal, members of the EPS who are employed by a member of the Senate or House of Delegates immediately prior to retirement are eligible to receive service credits without cost to the employee for employment as a full-time contractual employee of a

member of the Senate or House of Delegates.

The Department of Legislative Services advises that there is at least one current employee, and probably ten current employees, who would qualify for service credits under this proposal. (Employees who were employed on a full-time basis only for the 90-day active session or for partial years are not included.)

The bill has been forwarded to the State's actuary for an informal estimate of the cost to fund the additional pension benefit for those members who are eligible to receive credit for full-time contractual legislative employment. The actuary's estimate is not available yet; the fiscal note will be revised when the estimate becomes available.

The bill would not apply to a similarly situated member of the Employees' Retirement System.

Information Source(s): State Retirement Agency; Milliman & Robertson, Inc.;
Department of Legislative Services

Fiscal Note History: First Reader - March 9, 1998

ncs

Analysis by: Matthew D. Riven

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710