

Department of Legislative Services  
Maryland General Assembly

FISCAL NOTE  
Revised

House Bill 263 (Delegate W. Baker. *et al.*)

Appropriations

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Correctional Officers' Retirement System - Membership -  
Juvenile Transportation Officers

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This pension bill provides that juvenile transportation officers of the Department of Juvenile Justice are members of the Correctional Officers' Retirement System and may receive a vested benefit at age 60.

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Fiscal Summary

**State Effect:** Increase in employer pension contributions of \$112,000 beginning in FY 2000 and increasing thereafter due to increased system liabilities.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
All Revenues	\$0	\$0	\$0	\$0	\$0
All Expenditures	0	112,000	127,000	144,000	162,000
Net Effect	\$0	(\$112,000)	(\$127,000)	(\$144,000)	(\$162,000)

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

**Local Effect:** None.

**Small Business Effect:** None.

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Fiscal Analysis

**Background:** Under current law, correctional officers serving in any of the first six job classifications, and security attendants at Clifton T. Perkins Hospital Center, are eligible for membership in the Correctional Officers' Retirement System (CORS). Members of CORS must contribute 5% of their annual salary. Members are eligible for a service retirement benefit with 20 years of creditable service, of which the last five must be as an eligible

correctional officer, security attendant, or a combination of these positions. Correctional officers qualify for a vested benefit at age 55 with at least five years of creditable service. Security attendants at Clifton T. Perkins Hospital Center are eligible to collect a vested benefit at age 60. Retirees of CORS receive unlimited and compounding cost-of-living adjustment.

**State Expenditures:** This proposal would place Juvenile Transportation Officers in the Correctional Officers’ System (20-year plan), rather than in the Employees’ Retirement System or Employees’ Pension System (30-year plans). They, like security attendants, would be eligible to receive a vested benefit at age 60.

The Department of Juvenile Justice indicates there are presently 22 Juvenile Transportation Officers employed by the department. Of the 22 officers, 19 are currently members of the Employees’ Pension System and three are members of the Employees’ Retirement System. The average salary of a Juvenile Transportation Officer is \$24,792.

The employer contribution rate for participation in the Correctional Officers’ Retirement System is the same as the contribution rate for the employees’ retirement and pension systems (blended in the employees’ system rate). Thus, the additional liabilities associated with this proposal will not affect the Department of Juvenile Justice directly, but will be spread across all agencies with employees that participate in the employees’ systems. The actuary has not prepared a formal estimate of the additional liabilities, but informally estimates them at \$1.8 million. These liabilities would be amortized over 20 years beginning in fiscal 2000 with an amortization payment of \$112,000. These amortization payments would increase by more than 5% per year because the blended employees’ rate does not reflect, and underestimates, the true cost of the CORS benefit provided to these employees. The first five years of the amortization schedule are as follows:

FY 2000	\$112,000
FY 2001	\$127,000
FY 2002	\$144,000
FY 2003	\$162,000
FY 2004	\$181,000

**Information Source(s):** State Retirement Agency, Milliman & Robertson, Inc.,

Department of Legislative Services

**Fiscal Note History:**

First Reader - February 16, 1998

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Revised - Updated Information - February 18, 1998

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