

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1308 (Delegates Boston and Minnick)
Appropriations

Baltimore City Fire and Police Employees Retirement System - Employees of Maryland Aviation Administration Fire Rescue Service

This pension bill authorizes full-time employees of Maryland Aviation Administration (MAA) Fire Rescue Service who became employees on or after October 1, 1993 to become members of the Baltimore City Fire and Police Employees Retirement System. Currently, such employees are members of the State’s Employees’ Pension System (EPS). The State would be required to reimburse the City for the employer’s cost of the pension coverage. The City’s charter would be amended to allow for these State employees to be included in the City pension system.

Fiscal Summary

State Effect: Increase in State employer pension contributions of \$50,500 in FY 1999 (nine months) as a result of transferring MAA firefighters from the State EPS to the Baltimore City firefighters’ pension system. Out-year expenditures reflect annualization and 5% growth in FY 2000.

(in dollars)	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
SF Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditures	50,500	70,700	74,200	77,900	81,800
Net Effect	(\$50,500)	(\$70,700)	(\$74,200)	(\$77,900)	(\$81,800)

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

Local Effect: No effect on Baltimore City assuming the State reimburses the City for the full cost of the transferred members’ employer pension contributions.

Small Business Effect: None.

Fiscal Analysis

Background: Chapter 483 of 1993 placed full-time State employees of the Maryland Aviation Administration Fire Rescue Service who are hired on or after October 1, 1993, in the Employees' Pension System (EPS). Prior to this time, the State employees of the Maryland Aviation Administration Fire Rescue Service participated in the Baltimore City Fire and Police Employees Retirement System (Baltimore City plan), which provides full benefits after 20 years (and the employee does not participate in Social Security), with an additional benefit for service beyond 20 years. The EPS provides full benefits after 30 years and the employee does participate in Social Security.

State Expenditures: The Maryland Aviation Administration advises that there are currently 62 members of the Maryland Aviation Administration Fire Rescue Service. Of this total, 42 are members of the Baltimore City plan. The Maryland Aviation Administration is billed by the City for the cost of those employees who are in the Baltimore City plan. In fiscal 1997, this billing totaled \$264,150. In fiscal 1998, the billing amount is \$296,650.

There are 20 employees who participate in the EPS. On average, their salary is \$35,800 annually. The 1998 employer rate for the EPS is 8.21%. Baltimore City advises that the 1998 rate for the Baltimore City Fire and Police Pension System is 17.61%. Although the proposal is unclear, it is assumed that the State is to fund the pension cost of these individuals' participation in the Baltimore City plan. In that case, State retirement costs could increase by \$50,500 in the first year (based on the October 1 effective date), increasing 5% per year based on actuarial projections.

Information Source(s): State Retirement Agency, Department of Legislative Services

Fiscal Note History: First Reader - March 6, 1998

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