

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE  
Revised

House Bill 406 (Montgomery County Delegation)  
Appropriations

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Montgomery County - Supplemental Retirement Allowance for Retired Teachers  
MC 901-99

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This bill requires Montgomery County to fund a supplemental retirement allowance for certain school employees who retire on or after July 1, 1999 as a member of the Maryland Teachers' Pension System. This legislation takes effect July 1, 1999.

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Fiscal Summary

**State Effect:** None.

**Local Effect:** Montgomery County expenditures for the supplemental retirement allowance would increase by \$1.1 million annually beginning in FY 2000. Revenues would not be affected. **This bill imposes a mandate on Montgomery County.**

**Small Business Effect:** None.

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Fiscal Analysis

**Background:** Since 1968 the Montgomery County Public School System has provided eligible employees who were members of the State Teachers' Retirement or Pension Systems with a 10% supplemental retirement benefit above the level provided by the State. The supplemental retirement benefit was partly intended to make the teachers' retirement benefit similar to county government employees.

During the 1998 legislative session, the General Assembly approved legislation that increased the retirement benefit of school employees participating in the Teachers' Pension System. Consequently, the Montgomery County Public School System decided to reduce the supplemental retirement benefit from 10% to 5% for school employees participating in the Teachers' Pension System and impose an employee contribution. The rationale behind the school system's action was that due to the recently enacted State enhancement the supplemental benefit was no longer needed to bring the school employees' retirement benefit up to the county government level.

**Local Expenditures:** The bill mandates that Montgomery County fund a supplemental retirement allowance for school employees participating in the Teachers' Pension System. The supplemental retirement allowance is based on a formula which includes the number of years of creditable service earned in the Montgomery County Public Schools Employees' Pension System and the employees' average final compensation. Montgomery County advises that the supplemental retirement allowance is estimated to increase Montgomery County expenditures by \$1.1 million each year.

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**Information Source(s):** Montgomery County Public Schools

**Fiscal Note History:** First Reader - February 17, 1999

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Revised - House Third Reader - April 6, 1999

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