

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

House Bill 1006 (Prince George's County Delegation)

Appropriations

**Prince George's County - Retirement Contributions - Employees of Magnet Schools
Program
PG 413-00**

This bill eliminates the requirement that the Prince George's County Board of Education reimburse the State for retirement costs associated with members of the teachers' retirement and pension systems whose positions are funded with State magnet school grants. The bill shall be applied to and interpreted to affect retirement contributions to be made on or after July 1, 1999.

The bill takes effect June 1, 2000 and sunsets on June 30, 2000.

Fiscal Summary

State Effect: General fund revenues would decrease by approximately \$1.1 million in FY 2000. Expenditures would not be affected.

Local Effect: Prince George's County school expenditures would decrease by \$1.1 million in FY 2000. Revenues would not be affected.

Small Business Effect: None.

Analysis

Current Law: Under the Maryland State Retirement Systems guidelines, local boards of education must reimburse the State for the retirement costs associated with positions funded from federal and most State categorical aid programs. The only State aid programs not covered by this requirement are the current expense formula, compensatory aid formula, special education aid, and State support for comprehensive school system restructuring.

Background: The State pays the retirement costs on behalf of local school boards, libraries, and community colleges for members of the teachers' retirement and pension systems. The local entities do not receive the funds; instead, the State provides a direct appropriation to the retirement system. In fiscal 2001, State paid retirement costs will total \$390 million. In recent years retirement costs have decreased due to positive investment yields. In fiscal 1997 these retirement costs were \$480 million.

Local school boards must reimburse the State for the retirement costs for school employees paid from federal and State categorical funding. In fiscal 1999, the reimbursements totaled \$25.5 million.

Local Fiscal Effect: The State provides the Prince George's County Board of Education with \$14.1 million each year for magnet school programs. Prior to 1999, Prince George's County did not reimburse the State for the retirement costs associated with the magnet school program. In April 1999, the Maryland State Retirement Agency began to require the school system to reimburse the State for the teachers' retirement cost associated with the magnet school program. These payments total approximately \$1.1 million. This bill would include the State magnet grant as an eligible fund source for purposes of the State retirement contribution. Accordingly, Prince George's County school expenditures would decrease by \$1.1 million in fiscal 2000.

State Fiscal Effect: General fund revenues would decrease by approximately \$1.1 million in fiscal 2000.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2000
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Analysis by: Hiram L. Burch, Jr.

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510