

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

Revised

Senate Bill 368 (Senator Hoffman)

Budget and Taxation

Appropriations

State Retirement and Pension System - Accidental Disability Applications

This emergency pension bill waives the five-year application period for accidental disability benefits for a classroom teacher or teacher mentor, substitute classroom teacher, or substitute teacher mentor who is a member of the Teachers' Retirement System (TRS) or the Teachers' Pension System (TPS) and was injured through a physical altercation that was not initiated by the member.

The bill expires on December 31, 2001 and applies retroactively to an individual who was injured on or before January 1, 1992.

Fiscal Summary

State Effect: Pension liabilities of the teachers' systems could increase by \$166,700, resulting in increased State pension contributions to the teachers' systems of \$11,800 (general funds) beginning in FY 2003, and increasing 5% per year thereafter based on actuarial assumptions.

| (in dollars) | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|----------------|---------|------------|------------|------------|------------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| GF Expenditure | 0 | 11,800 | 12,400 | 13,000 | 13,700 |
| Net Effect | \$0 | (\$11,800) | (\$12,400) | (\$13,000) | (\$13,700) |

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

Local Effect: None. The State pays the cost of local teachers' pensions.

Small Business Effect: None.

Analysis

Current Law: Accidental disability applications of TRS or TPS members must be filed within five years of the accident.

Background: To be eligible for accidental disability, a member must be permanently and totally disabled from performing the duties of the member's position as the result of the accident. The resulting disability must be the natural and proximate result of an accident that occurred in the actual performance of duty without willful negligence by the member.

State Expenditures: The bill allows members who meet the above criteria to file for an accidental disability application beyond the five-year filing period. The State Retirement Agency advises that it is aware of one existing teachers' system member who may file an application under this bill. Whether the filed application is approved depends on the determinations of the medical review board and the board of trustees of the State Retirement and Pension System (SRPS). Assuming the affected member is currently receiving an ordinary disability, the increase in costs to the SRPS would reflect the difference between the two benefits. The State's actuary informally estimates that teachers' system liabilities could increase by \$166,700. Amortizing these liabilities over 18 years (through fiscal 2020) would result in additional pension contributions of \$11,800 in fiscal 2003. Future year payments would increase by 5% per year based on actuarial assumptions.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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