

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 586
Appropriations

(Delegate Kelly, *et al.*)

State Retirement and Pension System - Board of Trustees - Membership

This pension bill increases the membership of the Board of Trustees of the State Retirement and Pension System of Maryland (SRPS) from 14 to 15 members by adding a trustee who is a member or retiree of the Correctional Officers' Retirement System (CORS).

The bill takes effect July 1, 2003.

Fiscal Summary

State Effect: Special fund expenditures by the State Retirement Agency for trustee election costs would increase by \$9,500 every four years. It is assumed that the first year of such costs would be FY 2004. In addition, the agency would incur approximately \$10,000 in administrative costs annually due to the additional board member.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Of the 14-member board, two board members are elected by the members, retirees, beneficiaries, and former vested members of the Employees' Retirement System (ERS), Employees' Pension System (EPS), the Correctional Officers' Retirement System (CORS), the Judges' Retirement System (JRS), the Legislative Pension Plan (LPP), the Local Fire and Police Retirement System (LFP), and the Law

Enforcement Officers' Pension System (LEOPS). Of these two board members, only one may be a retiree at the time of election and neither may be an employee of the State Retirement Agency.

Background: Six members on the board are elected by active members, retirees, beneficiaries, and former vested members of the various systems. Two trustees are members or retirees of the Teachers' Retirement System (TRS) or the Teachers' Pension System (TPS), only one of whom may be a retiree at the time of election. Two other board members are elected by State Police Retirement System participants; one of whom must be a retiree at the time of election. Finally, two other board members are elected on behalf of all the systems listed above. The distribution of elected board members and plan participants is illustrated in **Exhibit 1**.

State Expenditures: Board member elections require that a ballot be sent to every participant. The State Retirement Agency employs an outside vendor to administer board elections. Based on the number of CORS participants, the additional cost is estimated at approximately \$9,500, which covers printing, mailing, and tabulating ballots, and postage. Assuming the first election were to take place in fiscal 2004, the next election would be in fiscal 2008. It is assumed that contractor costs would have increased 3% per year over that time.

In addition, the agency would incur approximately \$10,000 in additional expenses related to communications, expense reimbursement, and travel to national pension conferences for the additional member.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 13, 2003
ncs/jr

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Exhibit 1
Distribution of SRPS membership and elected board trustees

Teachers	TRS		TPS	
	active	9,270	active	87,086
	retiree	29,989	retiree	11,931
	former vested	1,643	former vested	16,397
	subtotal	40,902	subtotal	115,414
Total Teachers	156,316			
Number of board members	2			
Per elected board member	78,158			

Employees & Others

	ERS (incl LPP & CORS)		EPS	
	active	11,722	active	78,584
	retiree	24,904	retiree	18,205
	former vested	1,331	former vested	24,845
	subtotal	37,957	subtotal	121,634
	JRS		LEOPS	
	active	281	active	1,410
	retiree	311	retiree	403
	former vested	10	former vested	66
	subtotal	602	subtotal	1,879
	LFP			
	active	181		
	retiree	26		
	former vested	36		
subtotal	243			
Total Group	162,315			
Number of board members	2			
Per elected board member	81,158			

State Police

	SPRS	
	active	1,589
	retiree	1,598
	former vested	27
	total	3,214
Total State Police	3,214	
Number of board members	2	
Per elected board member	1,607	

