

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 373

(Senator Greenip)

Budget and Taxation

Appropriations

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Crownsville Hospital Center Employees - Early Retirement

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This pension bill permits employees of the Crownsville Hospital Center whose positions are abolished to apply for early service retirement under certain circumstances.

The bill is effective July 1, 2004 and sunsets June 30, 2005.

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Fiscal Summary

**State Effect:** Minimal impact on State pension liabilities, based on the number of individuals assumed to participate and the significant reduction in retirement benefits for those who participate.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** This bill would permit a member to retire with an early service retirement:

- if the member is employed by Crownsville Hospital Center on June 30, 2004, but whose job is abolished as a result of the consolidation of Crownsville Hospital Center into Spring Grove and Springfield hospitals;
- before the date that the employee's job with Crownsville Hospital Center is abolished, is at least 54 years old and has at least 25 years of service in the State Retirement and Pension System; and

- who is a member of the Employees' Pension System (EPS) on the date that the employee's job with Crownsville Hospital Center is abolished.

Members who wish to take early service retirement must submit a written application on or before June 30, 2005 to the Board of Trustees of the State Retirement and Pension System. The employee will receive a benefit reduced by .05% for each month that the employee's early retirement date precedes the date the employee will be 62 years old, with no maximum reduction. If an employee retires at age 54 under this proposal, the employee's retirement allowance will be reduced by 48% (.05% x 96 months).

**Current Law:** A member of EPS is eligible to retire with an unreduced benefit with 30 years of eligibility service or age 62 with at least five years of eligibility service. Early retirement from EPS is permitted if a member is 55 years of age and has at least 15 years of service. There is a .05% reduction for each month prior to age 62 with a maximum reduction of 42%.

**State Fiscal Effect:** The State's actuary advises that the impact of this bill would be negligible. The Crownsville State Hospital Center advises that there are approximately 80 positions that may be abolished in which the incumbent is not already eligible for a service retirement. The State Retirement Agency informally estimates that no more than 15 individuals are eligible for this early retirement program. The Department of Legislative Services advises that few would take the retirement program due to the substantial reductions in benefits.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Milliman USA, Department of Health and Mental Hygiene, State Retirement Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2004  
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