

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1581

(Delegate Goodwin)

Appropriations

Budget and Taxation

Law Enforcement Officers' Pension System - Participation - Baltimore City
Sheriff

This bill makes membership in the Employees' Pension System (EPS) optional for the Sheriff of Baltimore City. If the sheriff does not elect membership in EPS within six months of becoming sheriff or of the bill's effective date, the sheriff becomes a member of the Law Enforcement Officers' Pension System (LEOPS) as a condition of employment.

The bill takes effect July 1, 2006.

Fiscal Summary

State Effect: Potential minimal increase in annual employer pension contributions reflecting the difference in rates between EPS and LEOPS. No discernible effect on liabilities.

Local Effect: None. The State pays the employer pension contribution for the Baltimore City Sheriff's Office.

Small Business Effect: None.

Analysis

Current Law: The Baltimore City Sheriff and other regular employees of the sheriff's office are currently members of EPS. However, Chapter 162 of 1997 made Baltimore City deputy sheriffs members of LEOPS.

EPS members pay 2% of annual compensation and earn a retirement benefit equal to 1.4% of their average final compensation (AFC) multiplied by their years of service. LEOPS members contribute 4% of their annual compensation and earn a retirement benefit equal to 2.0% of their AFC multiplied by their years of service, up to 30 years.

State Expenditures: This bill will affect the current Sheriff of Baltimore City and all future sheriffs of Baltimore City. The current sheriff has 33 years of service under EPS, and current annual salary of \$74,000. In the future, the State will have to pay the difference between the employer contributions made under EPS and the employer contributions under LEOPS for each year of service. In fiscal 2007, the EPS employer contribution will be 6.83% of pay; the LEOPS employer contribution will be 40.60%, for a first-year difference of \$24,990. However, this will not have a discernible effect on State pension liabilities.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Milliman USA, Maryland State Retirement Agency, Baltimore City, Department of Legislative Services

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ncs/jr

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