

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 1364
Appropriations

(Delegate Myers, *et al.*)

Budget and Taxation

Correctional Officers' Retirement System - Reemployment of Retirees

This bill exempts retirees of the Correctional Officers' Retirement System (CORS) from retirement benefit reductions if they are reemployed as correctional officers on a contractual basis for less than four years. It also requires the Department of Public Safety and Correctional Services to report annually to the Joint Committee on Pensions regarding the number and salary of reemployed and newly-hired correctional officers.

Fiscal Summary

State Effect: No discernable effect on State pension contributions. The additional benefit payments made under this bill are not expected to affect State pension liabilities.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: CORS retirees are subject to a reduction in their benefit payments if they accept employment with a participating employer (State agency or participating governmental unit) on a permanent, temporary, or contractual basis. Prior to accepting re-employment, a retiree must notify the Board of Trustees of the State Retirement and Pension System of their intention to accept reemployment and of their compensation.

The reduction in a retiree's benefit is equal to the amount by which the sum of their initial retirement payment and annual compensation during reemployment exceeds their average final compensation at the time of retirement.

Retirees who have been retired for more than 10 years or whose average final compensation was less than \$10,000 are exempt from the benefit reduction. Retirees serving as elected State or county officials are also exempt. Any individual who retires from State service must wait 45 days before being reemployed by any other State agency, including their original employer.

State Expenditures: The State Retirement Agency (SRA) reports that there are 1,994 retired correctional officers. Given that the State is experiencing a shortage of correctional officers in part because veteran officers are retiring earlier due to deteriorating working conditions, the percentage of retired correctional officers who will want to return to employment is not expected to be large. SRA reports that the reductions in benefits prompted by reemployment for a given individual are minimal. Therefore, the Department of Legislative Services concludes that the fiscal effect of this bill is negligible and will not likely have an effect on State pension liabilities or State pension contributions.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Milliman USA, Maryland State Retirement Agency, Department of Public Safety and Correctional Services, Department of Legislative Services

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