

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

Senate Bill 584 (Senator Gladden)
Budget and Taxation

State Employee Health and Welfare Benefits Program - Judges' Retirement System - Eligibility - Surviving Spouse or Dependent Child

This bill permits the surviving spouse or dependent child of a member of the Judges' Retirement System who died while employed or retired, to enroll and participate in the State Employee and Retiree Health and Welfare Benefits Plan (State plan) if the spouse or dependent child is: (1) receiving a retirement allowance; and (2) entitled to at least 1/16 or more of the State subsidy allowed to an employee for each year of the retiree's creditable service (*i.e.*, has at least one year of creditable service).

Fiscal Summary

State Effect: To the extent surviving spouses or dependent children enroll in the State plan, State plan expenditures could increase. Any increase is expected to be minimal. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Generally, a retired member in the Judges' Retirement System may enroll and participate in the State plan if the member has, at minimum, five years of creditable service. If the member has met these minimum requirements, the surviving spouse or dependent child may participate in the State plan.

Judges, unlike most other State employees, may retire and receive a retirement allowance without reaching this five-year service minimum. Consequently, if a member dies without having five years of creditable service, the surviving spouse or dependent child does not qualify for health benefits.

Background: Formed in 1980, the Judicial Compensation Commission considers judicial compensation to ensure that highly qualified persons are attracted to the bench and judges may serve without economic hardship. Every two years, the commission reviews judicial salaries and pensions. At least every four years, it must submit its recommendations to the Governor and the General Assembly.

In 2004, the commission submitted its report and findings on judicial compensation, including the commission's recommendations for judicial salaries for fiscal 2005. In January 2005, the commission issued a supplement to this report, which contains its recommendation that the surviving spouse or dependent child of a member of the Judges' Retirement System be permitted to enroll in the State plan.

As of June 30, 2005, there were 282 active and 316 retired members of the Judges' Retirement System. These members averaged 9.9 years of active service before retirement.

State Fiscal Effect: To the extent surviving spouses or dependent children enroll in the State plan, State plan expenditures could increase by a minimal amount. The bill enables a surviving spouse or dependent child to enroll in the State plan if the member dies while employed or before the member has earned five years of creditable service. Since most retired members have met the current five-year minimum of creditable service, it is expected that the bill would apply in a limited number of cases.

State plan expenditures assume a fund mix of 60% general funds, 20% federal funds, and 20% special funds; 20% of expenditures are reimbursable through employee contributions.

Additional Information

Prior Introductions: HB 292 of 2005 (identical) was reported unfavorably by the House Appropriations Committee.

Cross File: HB 397 (Delegate Rosenberg) – Appropriations.

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

Fiscal Note History: First Reader - February 8, 2006
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