

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 1495 (Cecil County Delegation)
Environmental Matters Education, Health, and Environmental Affairs

Cecil County - Volunteer Length of Service Award Program - Age of Eligibility

This bill lowers the age, from 60 to 55, at which a Cecil County volunteer fire fighter with 25 years of service credit can begin receiving retirement benefits.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: None.

Local Effect: Cecil County expenditures would increase by an estimated \$46,800 in FY 2009 to provide benefit payments to 13 retired volunteer fire fighters who would not be eligible for benefits under current law. County benefit payments are projected to increase by a total of \$224,000 over the next five years. The county may also be required to increase its annual contribution to the benefit program to make it actuarially sound by FY 2014.

Small Business Effect: None.

Analysis

Current Law: Since January 1, 1984, any Cecil County volunteer fire fighter who accumulates enough points to qualify and certify for 25 years of service credit and who fails to remain active or otherwise serve in a volunteer fire company is eligible to begin receiving benefits at age 60. Monthly benefits paid from the county's Volunteer Length of Service Award Program fund are \$300 for 25 years of service and \$6 for each additional year of service credit.

Volunteer fire fighters earn one year of service credit by accumulating 50 points in a calendar year. Points are earned by responding to emergency calls, completing training courses, attending drills and relevant meetings, and for other administrative or leadership duties.

Cecil County must make specified payments to the fund to make the program actuarially sound by fiscal 2014.

Background: Volunteer fire fighters and their surviving family members are entitled to disability and death benefits from the Maryland State Firemen's Association if the fire fighter is killed or disabled in the line of duty. The amounts paid are determined by the association, subject to a statutory minimum of \$2,000 for death benefits. Current death benefits include a lump sum payment of \$6,000, a monthly pension of \$450 for surviving spouses (\$300 for each dependent child), and an annual education allowance of \$2,500 for each dependent child. Disability benefits vary according to the severity of the injury. The Governor is required to include payments to the association of at least \$55,000 in the annual State budget to help pay for those benefits.

There are an estimated 1,100 active volunteer fire fighters in Cecil County, and 115 inactive former fire fighters who are receiving benefits from the Volunteer Length of Service Award Program.

Local Expenditures: Based on the county's current volunteer fire fighting force, Cecil County estimates that 13 additional members will qualify for benefits in fiscal 2009 under the terms of this bill. Assuming these individuals qualify for the minimum benefit of \$3,600 a year, Cecil County expenditures will increase by \$46,800 in fiscal 2009. The county further projects that total county expenditures for benefit payments would increase by \$224,000 through fiscal 2013. These figures do not take into consideration anticipated mortality rates.

DLS notes that lowering the eligibility age will increase the benefit program's long-term liabilities because members will be receiving payments over a longer period of time. The county is statutorily required to make annual contributions into the fund such that the program is actuarially sound by fiscal 2014. By increasing the plan's liabilities, the bill could require the county to increase its annual payments into the fund to cover those liabilities. In the absence of an actuarial analysis by the county, Legislative Services cannot estimate by how much the county would have to increase its contributions into the fund, if at all.

Additional Information

Prior Introductions: None.

Cross File: SB 937 (Senator Jacobs) – Finance.

Information Source(s): Cecil County, Department of Legislative Services

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