



## **Senate Bill 503**

### *Military Service Credit - Eligibility*

MACo Position: **OPPOSE**

To: Budget and Taxation Committee

Date: February 28, 2019

From: Robin Clark Eilenberg

The Maryland Association of Counties (MACo) **OPPOSES** SB 503. This bill would allow members of the State's Law Enforcement Officers' Pension System to claim up to five years of service credit in the State's Pension System even if they are already receiving a military retirement for their service.

Six county governments participate in the Law Enforcement Officers' Pension System to provide pensions for their public safety employees. Participating counties include Allegany, Caroline, Dorchester, Harford, Kent, and Worcester Counties. For these counties, the Law Enforcement Officers' Pension System provides a strong retirement benefit to county public safety employees via a relatively high county employer contribution. County employers currently contribute 32.22% of public safety employee salaries to the Law Enforcement Officers' Pension System.

Under current law, members of the State Pension System may receive military service credit, unless they are already receiving a retirement from that military service. This legislation would lift that reasonable restriction against double-counting and allow those with military retirements to use their prior service record to retire up to five years earlier from their State or local employer. With no contributions received for those five years, the additional fiscal burden is placed squarely on the employer's shoulders.

Every employee who claims the credit in the Law Enforcement Officers' Pension System will trigger new unfunded liabilities in the system, because those new years of service are not accompanied by comparable contributions. This means the costs to employers, including those county governments who have elected to participate in the system, will necessarily increase. An already woefully underfunded system should avoid expanding its long-term liability exposure in this fashion.

In addition to those currently eligible, there also will be future costs for new eligible employees—a number that may grow if this program entices a larger pool of ex-military applicants to state and local jobs seeking to gain 'extra credit.' For the small and mid-size counties that participate in this plan, the additional costs of this program will be pitted directly against other public safety operating needs, including, for example, the ability of a county to raise public safety salaries.

For these reasons, MACo urges an **UNFAVORABLE** report on SB 503 to maintain the balance of military service benefits currently provided under existing law.