

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 678
Appropriations

(Delegate Forbes)(Chair, Joint Committee on Pensions)

Budget and Taxation

Correctional Officers' Retirement System - Membership - Clarifications

This bill makes specified employees of the Maryland Department of Health (MDH) members of the Correctional Officers' Retirement System (CORS) as a condition of their employment. It also requires the Board of Trustees of the State Retirement and Pension System (SRPS) to transfer service credit earned by affected employees in the Employees' Retirement System (ERS) or the Employees' Pension System (EPS) to CORS, unless an affected employee opts not to have service credit transferred. However, members who transfer into CORS with no creditable service in EPS from before July 1, 2008, are not eligible to opt out of the transfer of service. **The bill takes effect July 1, 2026, some provisions related to transfer of service credit terminate June 30, 2027.**

Fiscal Summary

State Effect: Since it is assumed that the bill applies in a limited number of cases, there is no discernible effect on State pension liabilities or contribution rates, as discussed below. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: An individual who is employed in two specified job classifications at any of seven specified facilities on or after July 1, 2026, is a member of CORS as a condition of employment. Also, an individual who is employed in any of those positions on or before June 30, 2026, is eligible to retire from CORS if vested in CORS with a combined total of at least 20 years of *eligibility* credit in CORS and either EPS or ERS.

Facilities:

- Eastern Shore Hospital Center;
- Thomas B. Finan Center;
- Potomac Center/Secure Evaluation and Therapeutic Treatment Program;
- Spring Grove Hospital Center;
- Springfield Hospital Center;
- Regional Institute for Children and Adolescents-Baltimore; and
- John L. Gildner Regional Institute for Children and Adolescents.

Job Classifications:

- CAMH Specialist I- CI
- CAMH Specialist II- CI

Any individual who retires under this provision is entitled to a normal service retirement benefit based on *creditable* service in CORS.

If any of the affected employees is granted an ordinary disability benefit, the SRPS Board must calculate and pay the ordinary disability benefit that is greater under either CORS or EPS.

Current Law: Eligibility for CORS membership has been expanded in recent years from just correctional officers in specified job classifications and security attendants at the Clifton T. Perkins Hospital Center to now also include:

- correctional dietary, maintenance, and supply workers (Chapter 340 of 2006);
- correctional laundry workers and designated employees of Maryland Correctional Enterprises (Chapters 408 and 409 of 2008);
- correctional case management specialists, supervisors, and managers (Chapters 218 and 219 of 2016);
- parole and probation agents, supervisors, and regional administrators (Chapters 688 and 689 of 2017);
- specified counselors, social workers, psychologists, and recreation officers within the Department of Public Safety and Correctional Services (DPSCS) (Chapter 690 of 2017);
- specified detention center employees of the Department of Juvenile Services (DJS) and specified supervisory positions within DPSCS (that had been inadvertently omitted from earlier legislation) (Chapter 579 of 2018);

- specified case management workers and group life managers in DJS (Chapter 147 of 2022); and
- specified hospital employees in MDH and correctional maintenance employees in DPSCS (Chapters 135 and 136 of 2024 and Chapters 776 and 777 of 2025).

Exhibit 1 delineates key provisions for CORS and EPS. As the exhibit shows, Chapter 110 of 2006 phased in a higher EPS employee contribution rate, from 2.0% in fiscal 2006 to 5.0% in fiscal 2009. Chapter 397 of 2011 made additional changes, raising the member contribution rate to 7.0% and reducing the benefit multiplier to 1.5% for members hired after June 30, 2011. Prior to July 1, 1998, EPS was noncontributory for most members.

“Eligibility service” means service credit that is recognized for determining eligibility for a retirement benefit. In general, a member of EPS receives one year of eligibility service credit for completing at least 500 hours of employment in a fiscal year. “Creditable service” is service credit that is recognized for computing a retirement benefit. In general, it equals eligibility service credit plus credit for unused sick leave.

Title 37 of the State Personnel and Pensions Article governs transfers from EPS to another contributory pension system (like CORS). Under Title 37, a “new system” means the system into which the member is transferring service credit, and “previous system” means the system from which the individual is transferring. Members transferring creditable service from EPS to another contributory system must pay the member contribution rates in effect for the period of service covered by the transferred service credit, plus interest. They are also refunded any accumulated contributions in the previous system that are in excess of the member contributions required by the new system.

Under the terms of Title 37, therefore, EPS members transferring creditable service to CORS have to pay the difference between the contribution rate paid to EPS, if any, and the 5.0% CORS contribution rate, plus interest, for any service credit earned prior to fiscal 2009, when the EPS member contribution rate was less than the 5.0% CORS contribution. For service credit earned prior to 1998, they likely must pay the full CORS contribution of 5.0% (plus interest) since EPS was noncontributory for most members. However, they will also receive credit for the higher member contributions (7.0%) paid in EPS since June 30, 2011, because those contributions are also transferred to CORS and credited to their account. Any net deficiency in their member contributions results in an actuarial reduction to their benefit at the time of retirement. The Department of Legislative Services notes that there is no actual transfer of assets between plans because CORS and EPS/ERS are considered a single plan for the purpose of valuing their assets and liabilities.

Exhibit 1
Pension Plan Provisions

	Employees' Pension System		
	<u>Hired Before July 1, 2011</u>	<u>Hired After June 30, 2011</u>	<u>CORS</u>
Normal Retirement Age	62 ¹	65 ²	55 ³
Years of Service for Normal Retirement	30	Age and service add to 90	20
Employee Contribution	None prior to 1998 2.0% (1998-2006) 3.0% in 2007 4.0% in 2008 5.0% (2009-2011)	7.0%	5.0%
Benefit Multiplier	1.8% (after 1998) 1.2% (before 1998)	1.5%	1.818%

CORS: Correctional Officers' Retirement System

¹ Retiree must have at least 5 years of service.

² Retiree must have at least 10 years of service.

³ Retiree must have 5 years of service if hired before July 1, 2011; otherwise, retiree must have 10 years of service if hired on or after July 1, 2011.

Source: Maryland Annotated Code; State Personnel and Pensions Article

Normal retirement age for most CORS members is age 55 if they have vested; they can also retire with 20 years of service regardless of age.

State Expenditures: MDH advises that there are 12 positions in the MDH facilities with the classifications named in the bill. Due to the limited number of positions affected, the bill has no material effect on State pension liabilities or contribution rates. To the extent that more individuals are affected in the future, the effect on liabilities and contribution rates may be greater.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 337 (Senator Lewis Young)(Chair, Joint Committee on Pensions) - Budget and Taxation.

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

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