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Appropriations Committee

Subcommittees  
Capital Budget

Education and Economic Development  
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*The Maryland House of Delegates*  
ANNAPOLIS, MARYLAND 21401

**Testimony in Support of HB 1004**

State Retirement and Pension System – Average Final Compensation – Compensation Adjustments

Testimony of Delegate Cathi Forbes

Appropriations

February 27, 2024

***What this bill does***

This bill establishes that certain adjustments to compensation may not be considered as extraordinary salary increases when determining the average final compensation for a retiring member of the State Retirement and Pension System.

***Why this bill is necessary***

In attempting to address the workforce shortage in State government, several State agencies have completed, or are scheduled to complete compensation studies. The completed studies have found that compensation of employees were well below the midpoint salary for similar positions in neighboring states. To correct this, many state employees have received significant salary increases.

Existing in statute, as a safeguard, the pension system considers a salary increase of 20% or more in the last three years of service as an extraordinary salary increase and does not include that increase when determining a member's average final compensation.

This bill would exempt salary increases from being considered extraordinary if the increase was the result of a promotion, or if it was granted through a compensation study. This bill also establishes a process for the employee to provide documentation to the State Retirement and Pension System as to why the compensation increase is not to be considered extraordinary.

***Why you should vote for this bill***

This is about fairness to state employees, the delay in adequate compensation should not be held against them when computing their retirement benefits.

I ask for a favorable report. Thank you.