

SB724 COLA Calculation Clarification - Support.pdf

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Testimony in Support of Senate Bill 724
State Retirement and Pension System - Cost-of-Living Adjustments - Clarification
Senate Budget and Tax Committee
February 19, 2026
9:00 A.M.

Jonathan Martin
Acting Executive Director
State Retirement Agency

Anne Gawthrop
Director of Legislative Affairs
State Retirement Agency

The Board of Trustees for the State Retirement and Pension System wishes to express its support for Senate Bill 724, State Retirement and Pension System - Cost-of-Living Adjustments - Clarification.

Senate Bill 724 clarifies the method to calculate the Consumer Price Index as defined under § 29-401(d) of the State Personnel and Pensions Article, for calendar year 2025. This definition provides that the “Consumer Price Index is the annual average of the Consumer Price Index value (all urban consumers, United States city average, all items, not seasonally adjusted, 1982-1984 = 100) for the calendar year, as published by the U.S. Department of Labor, Bureau of Labor Statistics.” The annual “average” referenced in § 29-401(d) is based on the average of the CPI Value reported by Bureau of Labor Statistics (BLS) for each month in a given calendar year. Senate Bill 724 defines “CPI Value” as “the Consumer Price Index value (all urban consumers, United States city average, all items, not seasonally adjusted, 1982-1984 = 100) for a month, as published by the U.S. Department of Labor, Bureau of Labor Statistics.”

For calendar year 2025, the BLS did not publish a CPI Value for October. Without this data point for October, under the current provisions of Title 29 Subtitle 4 of the State Personnel and Pensions Article, it is not possible to calculate the annual Consumer Price Index for calendar year 2025 that is necessary to determine the cost-of-living rate used to adjust an allowance effective July 1, 2026 and July 1, 2027. The cost-of-living rate used to determine the annual cost of living adjustments for the retirees and beneficiaries of the System is further subject to cost-of-living rate caps as provided by statute.

Senate Bill 724 provides a method to determine an October 2025 Index Value that would make it possible to determine the cost-of-living rate for FY 2027 and 2028. Using the method described in the bill produces an October 2025 Index Value of 324.461, which will result in a cost-of-living rate of 2.698% effective July 1, 2026. Importantly, the cost-of-living adjustment payable to retirees may not exceed the cost-of-living rate cap that is applicable to an allowance pursuant to statute, therefore, an individual’s actual cost-of-living adjustment may be lower than the cost-of-living rate. For example, retirees of the Employees’ Pension System and Teachers’ Pension System are subject to a cost-of-living rate cap of 3% for the portion of an allowance based on creditable service earned before July 1, 2011. For an allowance

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based upon creditable service earned on or after July 1, 2011, the cost-of-living rate cap for these individuals is either 2.5% or 1%, depending on the total investment performance for the calendar year ending December 31 of the preceding fiscal year.

We appreciate being given this opportunity to express our support to the Budget and Tax Committee for this legislation and would request a favorable report on Senate Bill 724.

HB 724_MDCC_Employment Discrimination - Caregiver

Uploaded by: Hannah Allen

Position: UNF



House Bill 724

Date: February 19, 2026

Committee: Government, Labor, and Elections

Position: Unfavorable

Founded in 1968, the Maryland Chamber of Commerce (the Chamber) is the leading voice for business in Maryland. We are a statewide coalition of more than 7,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic growth for Maryland businesses, employees, and families.

House Bill 724 (HB 724) would add “caregiver status” as a protected characteristic under Maryland’s employment discrimination law using a broad and subjective definition. As drafted, the bill could reasonably be interpreted to include virtually any parent of a minor child, regardless of the nature or extent of caregiving responsibilities. This expansive scope risks transforming a wide range of routine employment decisions into potential discrimination claims, even when those decisions are based on legitimate business needs.

The lack of clear boundaries around caregiver status creates ambiguity for employers attempting to comply in good faith. Employment decisions related to scheduling, attendance, performance expectations, or operational needs could be challenged as discriminatory, forcing employers to defend standard workplace practices. This uncertainty is particularly challenging for small and mid-sized businesses that do not have dedicated legal or human resources staff.

Maryland employers already operate under a comprehensive framework of federal and state laws that prohibit discrimination and provide protections related to family and medical responsibilities. The addition of caregiver status as a protected class risks overlap and confusion with existing requirements, while offering little guidance on how employers should balance caregiving considerations with essential job functions.

While we support the goal of fair and equitable treatment in the workplace and recognize the vital role caregivers play in our communities, we are concerned that HB 724 would create legal uncertainty and unintended consequences for employers without clear evidence that existing law is insufficient. We believe efforts to support working families are best achieved through targeted, flexible policies that assist caregivers without imposing broad, open-ended legal standards or increasing the risk of litigation for Maryland employers.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on HB 724.