
By: Delegates Barve, Exum, V. Mitchell, Minnick, Donoghue, Bobo, McClenahan, and Stup

Introduced and read first time: February 21, 1997

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Education - State Funding - Social Security Contributions**

3 FOR the purpose of repealing certain provisions of law relating to the obligations of
4 certain employers for Social Security contributions; requiring the State to pay part
5 of the employer Social Security contributions for certain employees of local boards
6 of education, community colleges, and county public library systems; expanding
7 certain authority of the State Retirement Agency; requiring the State Retirement
8 Agency to adopt certain regulations; establishing certain limits on the amount of
9 money that may be distributed under certain provisions of this Act to the counties
10 and Baltimore City for certain fiscal years; and generally relating to the Social
11 Security contributions of employers of certain local employees.

12 BY repealing

13 Article - Education
14 Section 5-202(d)
15 Annotated Code of Maryland
16 (1997 Replacement Volume)

17 BY repealing and reenacting, with amendments,

18 Article - Education
19 Section 5-203(b) and (c)(1)(i), 16-305(b)(8) and (9), 16-306(b) and (c)(1)(i),
20 23-503(c), and 23-504(b) and (c)(1)(i)
21 Annotated Code of Maryland
22 (1997 Replacement Volume)

23 BY adding to

24 Article - Education
25 Section 5-203.1
26 Annotated Code of Maryland
27 (1997 Replacement Volume)

28 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
29 MARYLAND, That the Laws of Maryland read as follows:

2

1 **Article - Education**

2 5-202.

3 [(d) Any employer Social Security contributions required by federal law for any
4 employee of a county board or local school system shall remain the obligation of the
5 employer.]

6 5-203.

7 (b) The Agency may at any time examine the records of local school systems to
8 determine whether the State's payments for SOCIAL SECURITY TAXES AND retirement
9 contributions for employees of the school systems are in accordance with the provisions of
10 Division II of the State Personnel and Pensions Article AND THIS ARTICLE.

11 (c) (1) (i) If an examination of the records of a local school system shows that
12 the State has paid more than is required under THIS ARTICLE AND Division II of the
13 State Personnel and Pensions Article, within 30 days after the date of the notice to the
14 school system of the State overpayment, the school system may appeal the notice of State
15 overpayment to the Secretary of Budget and Management who shall appoint a hearing
16 examiner.

17 5-203.1.

18 (A) (1) FOR THE PURPOSES OF THIS SECTION, THE STATE RETIREMENT
19 AGENCY SHALL ADOPT REGULATIONS THAT, SUBJECT TO AND CONSISTENT WITH
20 THE PROVISIONS OF PARAGRAPH (2) OF THIS SUBSECTION, DEFINE "ELIGIBLE
21 POSITION".

22 (2) EFFECTIVE JULY 1, 1997, EXCEPT AS OTHERWISE PROVIDED IN THIS
23 SUBSECTION, "ELIGIBLE POSITION" MEANS A POSITION THAT IS HELD BY AN
24 EMPLOYEE OF A COUNTY BOARD OR LOCAL SCHOOL SYSTEM WHO IS A MEMBER
25 AND WHO IS ELIGIBLE TO BE A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM
26 OR THE TEACHERS' PENSION SYSTEM AND:

27 (I) WHO PERFORMS INSTRUCTIONAL DUTIES IN A PUBLIC DAY
28 SCHOOL DURING THE NORMAL 10-MONTH SCHOOL YEAR AS A SUPERVISORY
29 TEACHER, A TEACHER WHO IS CERTIFIED, A HELPING TEACHER, OR A CLASSROOM
30 TEACHER AIDE; OR

31 (II) WHO HOLDS ANY OTHER POSITION IN A CLASS THAT WAS
32 CONSIDERED ELIGIBLE FOR STATE PAYMENT OF EMPLOYER CONTRIBUTIONS FOR
33 SOCIAL SECURITY UNDER THE STANDARDS APPLIED BY THE DEPARTMENT OF
34 PERSONNEL AS OF JANUARY 11, 1980.

35 (B) FOR FISCAL YEAR 1998, AND EACH FISCAL YEAR THEREAFTER, THE
36 EMPLOYER SOCIAL SECURITY CONTRIBUTIONS FOR ANY ELIGIBLE POSITION SHALL
37 BE SHARED BY EACH COUNTY AND THE STATE AS PROVIDED IN SUBSECTIONS (C)
38 AND (D) OF THIS SECTION.

39 (C) (1) FOR FISCAL YEAR 1998, THE EMPLOYER SOCIAL SECURITY
40 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION SHALL EQUAL 1.5

3

1 PERCENT OF THAT PART OF THE SALARY PAID WHICH IS INCLUDED WITHIN THE
2 SOCIAL SECURITY WAGE BASE AS DEFINED IN FEDERAL LAW.

3 (2) FOR FISCAL YEAR 1999, THE EMPLOYER SOCIAL SECURITY
4 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION SHALL EQUAL 2.5
5 PERCENT OF THAT PART OF THE SALARY PAID WHICH IS INCLUDED WITHIN THE
6 SOCIAL SECURITY WAGE BASE AS DEFINED IN FEDERAL LAW.

7 (3) FOR FISCAL YEAR 2000, AND EACH FISCAL YEAR THEREAFTER, THE
8 EMPLOYER SOCIAL SECURITY CONTRIBUTIONS PAID BY THE STATE FOR ANY
9 ELIGIBLE POSITION SHALL EQUAL 3.5 PERCENT OF THAT PART OF THE SALARY PAID
10 WHICH IS INCLUDED WITHIN THE SOCIAL SECURITY WAGE BASE AS DEFINED IN
11 FEDERAL LAW.

12 (D) FOR EACH EMPLOYEE WHO HOLDS AN ELIGIBLE POSITION, THE COUNTY
13 SHALL PAY THE DIFFERENCE BETWEEN THE CONTRIBUTION PAID BY THE STATE
14 UNDER SUBSECTION (C) OF THIS SECTION AND THE TOTAL EMPLOYER
15 CONTRIBUTION THAT IS DUE UNDER FEDERAL LAW.

16 16-305.

17 (b) (8) [Any employer Social Security contributions required by federal law for
18 any employee of a board of community college trustees shall remain the obligation of the
19 employer.]

20 (I) FOR THE PURPOSES OF THIS PARAGRAPH, THE STATE
21 RETIREMENT AGENCY SHALL ADOPT REGULATIONS TO DEFINE "ELIGIBLE
22 POSITION".

23 (II) FOR FISCAL YEAR 1998, THE EMPLOYER SOCIAL SECURITY
24 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION SHALL EQUAL 1.5
25 PERCENT OF THAT PART OF THE SALARY PAID WHICH IS INCLUDED WITHIN THE
26 SOCIAL SECURITY WAGE BASE AS DEFINED IN FEDERAL LAW.

27 (III) FOR FISCAL YEAR 1999, THE EMPLOYER SOCIAL SECURITY
28 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION SHALL EQUAL 2.5
29 PERCENT OF THAT PART OF THE SALARY PAID WHICH IS INCLUDED WITHIN THE
30 SOCIAL SECURITY WAGE BASE AS DEFINED IN FEDERAL LAW.

31 (IV) FOR FISCAL YEAR 2000, AND EACH FISCAL YEAR THEREAFTER,
32 THE EMPLOYER SOCIAL SECURITY CONTRIBUTIONS PAID BY THE STATE FOR ANY
33 ELIGIBLE POSITION SHALL EQUAL 3.5 PERCENT OF THAT PART OF THE SALARY PAID
34 WHICH IS INCLUDED WITHIN THE SOCIAL SECURITY WAGE BASE AS DEFINED IN
35 FEDERAL LAW.

36 (9) The State contribution to THE EMPLOYER'S SOCIAL SECURITY,
37 retirement, and fringe benefit costs is not included in the calculations of amounts under
38 this subsection.

39 16-306.

40 (b) The Agency may at any time examine the records of public junior or
41 community colleges to determine whether the State's payment for SOCIAL SECURITY

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1 TAXES AND retirement contributions for employees of the public junior or community
2 colleges are in accordance with the provisions of THIS ARTICLE AND Division II of the
3 State Personnel and Pensions Article.

4 (c) (1) (i) If an examination of the records of a public junior or community
5 college shows that the State has paid more than is required under THIS ARTICLE AND
6 Division II of the State Personnel and Pensions Article, within 30 days after the date of
7 the notice to the junior or community college of the State overpayment, the junior or
8 community college may appeal the notice of State overpayment to the Secretary of
9 Budget and Management who shall appoint a hearing examiner.

10 23-503.

11 (c) [Any employer Social Security contributions required by federal law for any
12 employee in a county public library system shall remain the obligation of the employer.]

13 (1) FOR THE PURPOSES OF THIS SUBSECTION, THE STATE RETIREMENT
14 AGENCY SHALL ADOPT REGULATIONS THAT DEFINE "ELIGIBLE POSITION".

15 (2) FOR FISCAL YEAR 1998, THE EMPLOYER SOCIAL SECURITY
16 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION IN A COUNTY
17 PUBLIC LIBRARY SYSTEM SHALL EQUAL 1.5 PERCENT OF THAT PART OF THE SALARY
18 PAID WHICH IS INCLUDED WITHIN THE SOCIAL SECURITY WAGE BASE AS DEFINED
19 IN FEDERAL LAW.

20 (3) FOR FISCAL YEAR 1999, THE EMPLOYER SOCIAL SECURITY
21 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION IN A COUNTY
22 PUBLIC LIBRARY SYSTEM SHALL EQUAL 2.5 PERCENT OF THAT PART OF THE SALARY
23 PAID WHICH IS INCLUDED WITHIN THE SOCIAL SECURITY WAGE BASE AS DEFINED
24 IN FEDERAL LAW.

25 (4) FOR FISCAL YEAR 2000, AND EACH FISCAL YEAR THEREAFTER, THE
26 EMPLOYER SOCIAL SECURITY CONTRIBUTIONS PAID BY THE STATE FOR ANY
27 ELIGIBLE POSITION IN A COUNTY PUBLIC LIBRARY SYSTEM SHALL EQUAL 3.5
28 PERCENT OF THAT PART OF THE SALARY PAID WHICH IS INCLUDED WITHIN THE
29 SOCIAL SECURITY WAGE BASE AS DEFINED IN FEDERAL LAW.

30 23-504.

31 (b) The Agency may at any time examine the records of public libraries to
32 determine whether the State's payments for SOCIAL SECURITY TAXES AND retirement
33 contributions for employees of the public libraries are in accordance with the provisions
34 of THIS ARTICLE AND Division II of the State Personnel and Pensions Article.

35 (c) (1) (i) If an examination of the records of a public library shows that the
36 State has paid more than is required under THIS ARTICLE AND Division II of the State
37 Personnel and Pensions Article, within 30 days after the date of the notice to the library
38 of the State overpayment, the public library may appeal the notice of State overpayment
39 to the Secretary of Budget and Management who shall appoint a hearing examiner.

40 SECTION 2. AND BE IT FURTHER ENACTED, That for the fiscal year that
41 begins July 1, 1997, the total amount to be distributed to the counties and Baltimore City

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1 under §§ 5-203.1(c), 16-305(b)(8), and 23-503(c) of the Education Article may not
2 exceed \$35,000,000.

3 SECTION 3. AND BE IT FURTHER ENACTED, That for the fiscal year that
4 begins July 1, 1998, the total amount to be distributed to the counties and Baltimore City
5 under §§ 5-203.1(c), 16-305(b)(8), and 23-503(c) of the Education Article may not
6 exceed \$50,000,000.

7 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 July 1, 1997.