

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 215 (Senator Amoss) (Chairman, Joint Committee on Pensions)
Budget and Taxation

Workforce Reduction Act - Clarification of Earnings Limitation on Reemployment

This bill clarifies that the incentives provided to State employees who retired under the Workforce Reduction Act (SB 1/Chapter 353 of the Acts of 1996) are included in the reemployment earnings limitation if such an employee returns to the State or another participating government as a permanent, temporary, or contractual worker. Under current law, a member of the Maryland State Retirement and Pension System (MSRPS) who retires and subsequently returns to work for a participating employer is subject to a reduction in their retirement allowance by the amount that the sum of the retiree's annual basic allowance, at the time of retirement, and the retiree's annual compensation exceed the average final compensation used to compute the basic allowance. This bill clarifies that for members who retired under the Workforce Reduction Act, the retiree's annual basic allowance includes the incentives provided under the Act.

Fiscal Summary

State Effect: None. The bill codifies the Retirement Agency's current practice, which is to include the early retirement incentives in the member's benefit when calculating the reemployment earnings limitation. There is no cost associated with this proposal.

Local Effect: None. The Workforce Reduction Act was only available to certain State employees.

Small Business Effect: None. This bill does not directly affect small businesses.

Information Source(s): State Retirement Agency, Department of Fiscal Services

Fiscal Note History: First Reader - February 3, 1997

ncs

Analysis by: Matthew D. Riven

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710