

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 308 (Senator Amoss)  
(Chairman, Joint Committee on Pensions)  
Budget and Taxation

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Teachers' Systems - Membership - University Staff

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This bill clarifies that academic administrators, research associates, and faculty research assistants of State higher education institutions are eligible for membership in the Teachers' Retirement System or the Teachers' Pension System. The bill takes effect July 1, 1997.

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Fiscal Summary

**State Effect:** Potential minimal increase in employer pension contributions. The bill clarifies existing practice and provides uniformity of treatment within the University of Maryland (UMS) system, as discussed below.

**Local Effect:** None.

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

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Fiscal Analysis

**Background:** Prior to pension code revision, the Teachers' Retirement System (TRS) and the Teachers' Pension System (TPS) were open to "faculty and staff" of State educational institutions. Other employees of these institutions are eligible for membership in the employees' systems.

Pension code revision provides that eligibility in the TRS and TPS was restricted to faculty. The Board of Trustees of the Maryland State Retirement and Pension System (MSRPS), at the request of UMS, has requested legislation clarifying that three positions -- academic administrator, research associate, and faculty research assistant -- are eligible for the TRS and TPS. UMS reports that the bill would provide uniformity among UMS institutions, where

most, but not all, institutions have previously considered these positions to be faculty appointments and hence eligible for the TRS and TPS. The teachers' systems have an employer contribution rate of 15.48% (for fiscal 1998), versus 8.21% for the employees' systems.

**State Expenditures:** Approximately 1,064 staff members at the University of Maryland at College Park, University of Maryland at Baltimore, University of Maryland - Baltimore County, and University of Maryland - Eastern Shore are employed in these positions. This figure includes 250 academic administrators, 361 research associates, and 453 faculty research assistants. The number of such staff at other institutions of the University of Maryland System was unavailable but is expected to be smaller. Because most of these institutions already considered these positions to be faculty appointments, most of these members are already eligible for membership in the TRS or TPS. It is assumed that those members who were previously enrolled in the employees' systems will remain in the system in which they enrolled. Further mitigating the effect of the change is that fact that these positions are eligible for the Optional Retirement Program (ORP), and the vast majority of those eligible for the ORP select that program. Eligibility for the ORP is not affected by this legislation. Thus, additional future enrollment in the Teachers' Pension System is expected to be minimal.

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**Information Source(s):** State Retirement Agency, University of Maryland at College Park, Department of Fiscal Services

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