

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 332 (Delegate Proctor)
(Chairman, Joint Committee on Pensions)

Appropriations

Retirement and Pension Systems - Membership - Staff

This pension bill clarifies eligibility for membership in the Employees' Retirement System, Teachers' Retirement System, Employees' Pension System, and Teachers' Pension System of certain staff of the University System of Maryland, Morgan State University, and St. Mary's College.

Fiscal Summary

State Effect: Minimal decrease in employer pension contributions as a result of restricting State higher education membership in the teachers' systems to faculty only.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Background: Previously, State pension law provided that faculty and staff of the University System of Maryland (USM), Morgan State University, and St. Mary's College were eligible to enroll in the teachers' systems. Current law, however, refers only to "a faculty employee of an educational institution supported by and under the control of the State" as eligible for enrollment in the teachers' systems.

Bill Summary: This proposal specifies that faculty of the University System of Maryland, Morgan State University, and St. Mary's College are eligible for membership in the Teachers' System, while staff employees employed on and after January 1, 1998, are to be placed in the Employees' Systems (all institutions within USM, Morgan, and St. Mary's comply in practice with this proposal today). Furthermore, the proposal clarifies that those staff employees who, in the past, were enrolled in the Teachers' Retirement System or Teachers' Pension System may remain members of those systems.

State Expenditures: This proposal would have a minimal impact on State expenditures. To the extent that new staff employees who previously would have joined the teachers' system are now required to join the employees' system, there may be a decrease in employer pension contributions (fiscal 1999 contribution rate for the teachers' systems is 13.99% versus 7.13% for the employees' systems). The vast majority of new faculty and eligible staff (over 90% of new hires), however, have historically selected (and will likely continue to select) the Optional Retirement Program (ORP) over a State pension system. Eligibility for the ORP is not affected by this legislation and will continue to include upper-level university staff. The employer rate for the ORP is 7.25% of annual salary.

Information Source(s): State Retirement Agency; University System of Maryland; Department of Legislative Services

Fiscal Note History: First Reader - February 13, 1998

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