

Department of Legislative Services  
Maryland General Assembly  
1999 Session

FISCAL NOTE  
Revised

Senate Bill 121 (Senator Kasemever)  
(Chairman, Joint Committee on Pensions)

Budget and Taxation

---

**Optional Defined Contribution System - Supplemental Retirement Plans Authorized  
by Institutions of Higher Education**

---

This pension bill allows any State employee at an eligible State higher education institution who currently has a deferred compensation account (or could have an account) with a provider other than the Supplemental Retirement Plans to receive the State match to deferred compensation via that provider.

The bill takes effect July 1, 1999.

---

**Fiscal Summary**

**State Effect:** None. The bill's requirements could be handled with existing budgeted resources. The bill does not increase the number of people eligible for the State match.

**Local Effect:** None.

**Small Business Effect:** None.

---

**Fiscal Analysis**

**Background:** The vast majority of State employees are required to use 1 of 3 tax-deferred payroll savings plans offered by the Maryland Supplemental Retirement Plans and administered by PEBSCO. State law, however, allows 4 private deferred compensation providers to offer such services to State employees at certain State higher education institutions (University System of Maryland, Morgan State University, St. Mary's College,

and the Maryland Higher Education Commission) because the providers are already on campus offering their services to higher education teachers who elect the Optional Retirement Program. The employer matching program (of up to \$600) to an employee's deferred compensation account under Chapter 530 of 1998 (HB 987) prevents employees who use such a provider from receiving the match; they would be required to drop their current provider and use PEBSCO to get the match.

**State Expenditures:** Allowing eligible higher education employees to participate in the match through their existing deferred compensation providers will require minor computer programming by the Central Payroll Bureau that can be handled with existing resources.

---

**Information Source(s):** Comptroller's Office, Maryland Supplemental Retirement Plans, State Retirement Agency, University System of Maryland, Department of Legislative Services

**Fiscal Note History:** First Reader - February 3, 1999  
Inc/jr Revised - Senate Third Reader - March 18, 1999

---

Analysis by: Matthew D. Riven

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510