

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

**FISCAL AND POLICY NOTE**

House Bill 1005  
Appropriations

(Delegate Kach)

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**State Retirement and Pension System - Qualifying Hours - Eligibility Service**

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This bill allows a member of the Employees' Pension System (EPS), Teachers' Pension System (TPS), Law Enforcement Officers' Pension System (LEOPS), and Local Fire and Police System (LFPS) who works at least 475 hours to petition the Board of Trustees of the State Retirement and Pension System (SRPS) to receive a full year of eligibility credit. The State Retirement Agency (SRA) must adopt regulations to implement these provisions.

The bill takes effect July 1, 2007.

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**Fiscal Summary**

**State Effect:** No discernable effect on State pension liabilities or contribution rates.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** Uncodified bill language includes provisions affecting any individual who:

- is a member of TPS on or after July 1, 2007;
- joined TPS on or before September 1, 1986 and had earned fewer than 10 years of eligibility service credit by July 1, 2006; and

- in fiscal 1997, worked as a Baltimore County teacher and completed more than 95% but less than 100% of the hours of employment necessary to earn a full year of eligibility credit.

An individual who meets the criteria specified above may petition the SRPS board to receive one year of both eligibility and creditable service for the year in which the individual did not work the minimum number of hours.

**Current Law:** An individual member's eligibility for pension benefits under SRPS is determined by the number of years of eligibility service credit earned by the individual. Since 1999, a member earns one year of eligibility credit by working at least 500 hours in a given year. Eligibility credit is prorated if a member works fewer than 500 hours.

Creditable service is used to determine a member's benefit once eligibility for a benefit is established. Creditable service is prorated based on the number of hours worked in a given year. For instance, a full-time employee earns one full year of creditable service for each year worked, but a half-time employee earns a half year of creditable service for each year worked.

**Background:** Prior to Chapter 530 of 1998, which made EPS and TPS contributory pension systems, members of those systems earned no eligibility credit if they worked fewer than 700 hours, except in the first and last years of employment. Similarly, before Chapter 395 of 2000, which made LEOPS a contributory system, members of that system earned no eligibility credit if they worked fewer than 700 hours, except in the first and last years of employment. In the first and last years of employment, eligibility credit was prorated for members who worked less than 700 hours. Also, Chapters 530 and 395 lowered the threshold for earning a year of eligibility credit from 700 hours of employment to 500 hours for EPS/TPS and LEOPS, respectively.

**State Fiscal Effect:** SRA is not able to provide a complete list of members who worked between 475 and 500 hours in a given year in time for the preparation of this fiscal and policy note. Those individuals would be entitled to petition for an additional year of eligibility service. Therefore, the General Assembly's actuary has no way to determine the potential impact of this bill. However, based on a review of State personnel positions in the State budget, there are fewer than 20 positions budgeted to work between 475 and 500 hours. Therefore, the bill is not expected to affect a large number of individuals in any of the affected systems, and the Department of Legislative Services concludes that the bill would have no discernable effect on State pension liabilities or contribution rates.

SRA reports that no current member qualifies under the uncodified provisions affecting just current members of TPS.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Mercer Human Resources Consulting, State Retirement Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - March 20, 2007  
ncs/jr

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