

# HOUSE BILL 50

K4

8lr4510

---

By: **Delegate Donoghue**

Introduced and read first time: October 29, 2007

Assigned to: Appropriations

---

## A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System - Employer Contributions - Educators**  
3 **and Educational Staff**

4 FOR the purpose of providing for the calculation of a certain percentage of employer  
5 contributions for certain members of the Teachers' Retirement System,  
6 Teachers' Pension System, or Optional Retirement Program; requiring counties  
7 to pay a certain amount of employer contributions for certain members of the  
8 Teachers' Retirement System, Teachers' Pension System, or Optional  
9 Retirement Program; requiring the State to pay, under certain circumstances, a  
10 certain portion of certain employer contributions for certain members of the  
11 Teachers' Retirement System or Teachers' Pension System; altering the amount  
12 of employer contributions the State is required to pay for certain members of  
13 the Teachers' Retirement System, Teachers' Pension System, or Optional  
14 Retirement Program; defining certain terms; and generally relating to the  
15 payment of employer contributions for members in the State Retirement and  
16 Pension System who are educators or educational staff.

17 BY adding to

18 Article - Education

19 Section 5-204 and 16-306.1

20 Annotated Code of Maryland

21 (2006 Replacement Volume and 2007 Supplement)

22 BY repealing and reenacting, with amendments,

23 Article - State Personnel and Pensions

24 Section 21-304(b) and 30-205

25 Annotated Code of Maryland

26 (2004 Replacement Volume and 2007 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
28 MARYLAND, That the Laws of Maryland read as follows:

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1

**Article – Education**2 **5-204.**

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE  
4 MEANINGS INDICATED.

5 (2) “LOCAL EMPLOYEES” MEANS THOSE MEMBERS OF THE  
6 TEACHERS’ RETIREMENT SYSTEM UNDER TITLE 22 OF THE STATE PERSONNEL  
7 AND PENSIONS ARTICLE OR THE TEACHERS’ PENSION SYSTEM UNDER TITLE  
8 23 OF THE STATE PERSONNEL AND PENSIONS ARTICLE WHO ARE:

9 (I) EMPLOYEES OF A DAY SCHOOL IN THE STATE UNDER  
10 THE AUTHORITY AND SUPERVISION OF A COUNTY BOARD OF EDUCATION OR THE  
11 BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS, EMPLOYED AS:

- 12 1. A CLERK;
- 13 2. A HELPING TEACHER;
- 14 3. A PRINCIPAL;
- 15 4. A SUPERINTENDENT;
- 16 5. A SUPERVISOR; OR
- 17 6. A TEACHER; OR

18 (II) LIBRARIANS OR CLERICAL EMPLOYEES OF A LIBRARY  
19 THAT IS ESTABLISHED OR OPERATES UNDER THIS ARTICLE.

20 (3) “LOCAL EMPLOYER CONTRIBUTION RATE” MEANS THE  
21 PERCENT THAT IS CALCULATED BY:

22 (I) MULTIPLYING THE TOTAL EMPLOYER CONTRIBUTION  
23 BY 0.50;

24 (II) DIVIDING THE AMOUNT DETERMINED IN ITEM (I) OF  
25 THIS PARAGRAPH BY THE SUM OF EACH COUNTY’S WEALTH CALCULATED  
26 UNDER § 5-202(A)(14) OF THIS SUBTITLE; AND

1                   (III) **ROUNDING THE RESULT OBTAINED IN ITEM (II) OF THIS**  
2 **PARAGRAPH TO 7 DECIMAL PLACES AND EXPRESSING IT AS A PERCENT WITH 5**  
3 **DECIMAL PLACES.**

4                   (4) **“LOCAL SHARE OF THE TOTAL EMPLOYER CONTRIBUTION”**  
5 **MEANS THE LESSER OF:**

6                   (I) **THE LOCAL EMPLOYER CONTRIBUTION RATE**  
7 **MULTIPLIED BY THE COUNTY’S WEALTH CALCULATED UNDER § 5-202(A)(14) OF**  
8 **THIS SUBTITLE; OR**

9                   (II) **THE TOTAL EMPLOYER CONTRIBUTION FOR THE**  
10 **COUNTY.**

11                   (5) **“TOTAL EMPLOYER CONTRIBUTION” MEANS THAT PORTION**  
12 **OF THE EMPLOYER CONTRIBUTION CALCULATED UNDER § 21-304 OF THE**  
13 **STATE PERSONNEL AND PENSIONS ARTICLE THAT IS ATTRIBUTABLE TO THE**  
14 **LOCAL EMPLOYEES OF EACH COUNTY.**

15                   (B) (1) **THE LOCAL SHARE OF THE TOTAL EMPLOYER CONTRIBUTION**  
16 **FOR EACH COUNTY SHALL BE THE OBLIGATION OF THE COUNTY.**

17                   (2) **THE DIFFERENCE BETWEEN THE TOTAL EMPLOYER**  
18 **CONTRIBUTION AND THE LOCAL SHARE OF THE TOTAL EMPLOYER**  
19 **CONTRIBUTION FOR EACH COUNTY SHALL BE THE OBLIGATION OF THE STATE.**

20 **16-306.1.**

21                   (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE**  
22 **MEANINGS INDICATED.**

23                   (2) **“LOCAL EMPLOYEES” MEANS THOSE MEMBERS OF THE**  
24 **TEACHERS’ RETIREMENT SYSTEM UNDER TITLE 22 OF THE STATE PERSONNEL**  
25 **AND PENSIONS ARTICLE OR THE TEACHERS’ PENSION SYSTEM UNDER TITLE**  
26 **23 OF THE STATE PERSONNEL AND PENSIONS ARTICLE WHO ARE FACULTY,**  
27 **PROFESSIONAL, OR CLERICAL EMPLOYEES OF A COMMUNITY COLLEGE THAT IS**  
28 **ESTABLISHED OR OPERATES UNDER THIS ARTICLE.**

29                   (3) **“LOCAL SHARE OF THE TOTAL EMPLOYER CONTRIBUTION”**  
30 **MEANS THE AMOUNT THAT IS CALCULATED BY MULTIPLYING THE TOTAL**  
31 **EMPLOYER CONTRIBUTION FOR EACH COMMUNITY COLLEGE BY 0.50.**

32                   (4) **“TOTAL EMPLOYER CONTRIBUTION” MEANS THAT PORTION**  
33 **OF THE EMPLOYER CONTRIBUTION CALCULATED UNDER § 21-304 OF THE**

1 **STATE PERSONNEL AND PENSIONS ARTICLE THAT IS ATTRIBUTABLE TO THE**  
 2 **LOCAL EMPLOYEES FOR EACH COMMUNITY COLLEGE.**

3 **(B) THIS SECTION DOES NOT APPLY TO BALTIMORE CITY COMMUNITY**  
 4 **COLLEGE.**

5 **(C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SECTION,**  
 6 **THE LOCAL SHARE OF THE TOTAL EMPLOYER CONTRIBUTION FOR EACH**  
 7 **COMMUNITY COLLEGE SHALL BE THE OBLIGATION OF THE COUNTY WHERE**  
 8 **EACH COMMUNITY COLLEGE IS LOCATED.**

9 **(2) (I) FOR A REGIONAL COMMUNITY COLLEGE, AS DEFINED**  
 10 **UNDER § 16-202 OF THIS TITLE, THE OBLIGATION OF THE LOCAL SHARE OF THE**  
 11 **TOTAL EMPLOYER CONTRIBUTION SHALL BE SHARED BY EACH COUNTY**  
 12 **SUPPORTING THE REGIONAL COLLEGE.**

13 **(II) EACH COUNTY'S SHARE SHALL BE PRORATED BY**  
 14 **DIVIDING THE NUMBER OF FULL-TIME EQUIVALENT STUDENTS AS CALCULATED**  
 15 **UNDER § 16-305(B)(7) OF THIS SUBTITLE FOR THE SECOND PRIOR FISCAL YEAR,**  
 16 **WHO ARE ENROLLED AT THE REGIONAL COMMUNITY COLLEGE AND ARE**  
 17 **RESIDENTS OF THE COUNTY, BY THE TOTAL NUMBER OF FULL-TIME**  
 18 **EQUIVALENT STUDENTS AS CALCULATED UNDER § 16-305(B)(7) OF THIS**  
 19 **SUBTITLE FOR THE SECOND PRIOR FISCAL YEAR WHO ARE RESIDENTS OF THE**  
 20 **REGION.**

21 **(3) THE DIFFERENCE BETWEEN THE TOTAL EMPLOYER**  
 22 **CONTRIBUTION AND THE LOCAL SHARE OF THE TOTAL EMPLOYER**  
 23 **CONTRIBUTION FOR EACH COUNTY DETERMINED UNDER THIS SUBSECTION**  
 24 **SHALL BE THE OBLIGATION OF THE STATE.**

25 **Article - State Personnel and Pensions**

26 21-304.

27 **(b) (1) [Each] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS**  
 28 **SUBSECTION, EACH** fiscal year, on behalf of the State members of each State system,  
 29 the State shall pay to the appropriate accumulation fund an amount equal to or  
 30 greater than the sum of the amount, if any, required to be included in the budget bill  
 31 under § 3-501(c)(2)(ii) of this article and the product of multiplying:

32 **(i) the aggregate annual earnable compensation of the State**  
 33 **members of that State system; and**

34 **(ii) 1. for State members of the Law Enforcement Officers'**  
 35 **Retirement System, State Police Retirement System, and the Judges' Retirement**

1 System, the sum of the normal contribution rate and the accrued liability contribution  
2 rate, as determined under this section;

3 2. for State members of the Employees' Pension System,  
4 Employees' Retirement System, Correctional Officers' Retirement System, and  
5 Legislative Pension Plan, the employees' systems contribution rate determined under  
6 subsection (e) of this section; or

7 3. for State members of the Teachers' Pension System  
8 and Teachers' Retirement System, the teachers' systems contribution rate determined  
9 under subsection (f) of this section.

10 (2) The amount determined under paragraph (1) of this subsection for  
11 each State system shall be based on an actuarial determination of the amounts that  
12 are required to preserve the integrity of the funds of the several systems using:

13 (i) the entry-age actuarial cost method; and

14 (ii) actuarial assumptions adopted by the Board of Trustees.

15 (3) For the purpose of making the determinations required under this  
16 section:

17 (i) the Employees' Retirement System, the Employees' Pension  
18 System, the Correctional Officers' Retirement System, and the Legislative Pension  
19 Plan shall be considered together as one State system; and

20 (ii) the Teachers' Retirement System and the Teachers' Pension  
21 System shall be considered together as one State system.

22 (4) **THE STATE SHALL PAY:**

23 (I) **THE AMOUNTS CALCULATED IN §§ 5-204(B)(2) AND**  
24 **16-306.1(C)(3) OF THE EDUCATION ARTICLE FOR THOSE MEMBERS OF THE**  
25 **TEACHERS' RETIREMENT SYSTEM OR TEACHERS' PENSION SYSTEM WHO ARE:**

26 1. **EMPLOYEES OF A DAY SCHOOL IN THE STATE**  
27 **UNDER THE AUTHORITY AND SUPERVISION OF A COUNTY BOARD OF EDUCATION**  
28 **OR THE BALTIMORE CITY BOARD OF SCHOOL COMMISSIONERS, EMPLOYED AS:**

29 **A. A CLERK;**

30 **B. A HELPING TEACHER;**

31 **C. A PRINCIPAL;**

1                   **D. A SUPERINTENDENT;**

2                   **E. A SUPERVISOR; OR**

3                   **F. A TEACHER;**

4                   **2. LIBRARIANS OR CLERICAL EMPLOYEES OF A**  
 5 **LIBRARY THAT IS ESTABLISHED OR OPERATES UNDER THE EDUCATION**  
 6 **ARTICLE; OR**

7                   **3. FACULTY, PROFESSIONAL, OR CLERICAL**  
 8 **EMPLOYEES OF A COMMUNITY COLLEGE THAT IS ESTABLISHED OR OPERATES**  
 9 **UNDER THE EDUCATION ARTICLE AND IS NOT LOCATED IN BALTIMORE CITY;**  
 10 **AND**

11                   **(II) 100% OF THE AMOUNT DETERMINED UNDER**  
 12 **PARAGRAPH (1) OF THIS SUBSECTION FOR THOSE MEMBERS OF THE TEACHERS'**  
 13 **RETIREMENT SYSTEM OR TEACHERS' PENSION SYSTEM WHO ARE:**

14                   **1. FACULTY, PROFESSIONAL, OR CLERICAL**  
 15 **EMPLOYEES OF BALTIMORE CITY COMMUNITY COLLEGE;**

16                   **2. FACULTY EMPLOYEES OF AN EDUCATIONAL**  
 17 **INSTITUTION, OTHER THAN A COMMUNITY COLLEGE, SUPPORTED BY AND**  
 18 **UNDER THE CONTROL OF THE STATE; OR**

19                   **3. STAFF EMPLOYEES OF THE UNIVERSITY SYSTEM**  
 20 **OF MARYLAND, MORGAN STATE UNIVERSITY, OR ST. MARY'S COLLEGE WHO**  
 21 **WERE MEMBERS OF THE TEACHERS' PENSION SYSTEM AS OF JANUARY 1, 1998,**  
 22 **OR WHO TRANSFERRED FROM THE TEACHERS' RETIREMENT SYSTEM ON OR**  
 23 **AFTER JANUARY 1, 1998.**

24 30-205.

25                   (a) Under the program, the State and the participating employees shall  
 26 contribute, to the extent required, toward the purchase of annuity contracts.

27                   (b) A participating employee may elect to make contributions to no more  
 28 than two designated companies under the program for the same payroll period, if the  
 29 Board of Trustees determines that the election of more than one designated company  
 30 is administratively feasible.

31                   (c) (1) (I) On behalf of each participating employee **WHO IS NOT**  
 32 **EMPLOYED BY A COMMUNITY COLLEGE, OTHER THAN BALTIMORE CITY**  
 33 **COMMUNITY COLLEGE, THAT IS ESTABLISHED OR OPERATES UNDER THE**

1 **EDUCATION ARTICLE**, the State shall contribute 7.25% of the participating  
2 employee's annual earnable compensation.

3 (II) **EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS**  
4 **PARAGRAPH, ON BEHALF OF EACH PARTICIPATING EMPLOYEE WHO IS**  
5 **EMPLOYED BY A COMMUNITY COLLEGE OTHER THAN BALTIMORE CITY**  
6 **COMMUNITY COLLEGE, THAT IS ESTABLISHED OR OPERATES UNDER THE**  
7 **EDUCATION ARTICLE:**

8 1. **THE STATE SHALL CONTRIBUTE 3.625% OF THE**  
9 **PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE COMPENSATION; AND**

10 2. **THE COUNTY WHERE THE COMMUNITY COLLEGE**  
11 **IS LOCATED SHALL CONTRIBUTE 3.625% OF THE PARTICIPATING EMPLOYEES'**  
12 **ANNUAL EARNABLE COMPENSATION.**

13 (III) 1. **ON BEHALF OF EACH PARTICIPATING EMPLOYEE**  
14 **WHO IS EMPLOYED BY A REGIONAL COMMUNITY COLLEGE AS DEFINED UNDER §**  
15 **16-202 OF THE EDUCATION ARTICLE:**

16 A. **THE STATE SHALL CONTRIBUTE 3.625% OF THE**  
17 **PARTICIPATING EMPLOYEE'S ANNUAL EARNABLE COMPENSATION; AND**

18 B. **THE COUNTIES SUPPORTING THE REGIONAL**  
19 **COMMUNITY COLLEGE SHALL CONTRIBUTE 3.625% OF THE PARTICIPATING**  
20 **EMPLOYEE'S ANNUAL EARNABLE COMPENSATION.**

21 2. **EACH COUNTY'S SHARE UNDER**  
22 **SUBSUBPARAGRAPH 1B OF THIS SUBPARAGRAPH SHALL BE PRORATED BY**  
23 **DIVIDING THE NUMBER OF FULL-TIME EQUIVALENT STUDENTS AS CALCULATED**  
24 **UNDER § 16-305(B)(7) OF THE EDUCATION ARTICLE FOR THE SECOND PRIOR**  
25 **FISCAL YEAR, WHO ARE ENROLLED AT THE REGIONAL COMMUNITY COLLEGE**  
26 **AND ARE RESIDENTS OF THE COUNTY, BY THE TOTAL NUMBER OF FULL-TIME**  
27 **EQUIVALENT STUDENTS AS CALCULATED UNDER § 16-305(B)(7) OF THE**  
28 **EDUCATION ARTICLE FOR THE SECOND PRIOR FISCAL YEAR WHO ARE**  
29 **RESIDENTS OF THE REGION.**

30 (IV) **ON BEHALF OF EACH PARTICIPATING EMPLOYEE WHO**  
31 **IS EMPLOYED BY BALTIMORE CITY COMMUNITY COLLEGE, THE STATE SHALL**  
32 **CONTRIBUTE 7.25% OF THE PARTICIPATING EMPLOYEES' ANNUAL EARNABLE**  
33 **COMPENSATION.**

1                   (2)    If a participating employee's compensation is paid from special or  
2 federal funds or both, the State's contribution to the program shall be paid from those  
3 funds.

4                   (d)    The Central Payroll Bureau shall pay contributions to the appropriate  
5 designated company for the benefit of each participating employee.

6                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 July 1, 2008.