

Department of Legislative Services  
Maryland General Assembly  
2008 Session

FISCAL AND POLICY NOTE

House Bill 683 (Delegate Griffith)  
Appropriations

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Optional Retirement Program - Employing Institutions - Community Colleges

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This bill establishes community colleges as independent employing institutions with respect to their employees' eligibility for the Optional Retirement System (ORP).

The bill takes effect June 1, 2008.

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Fiscal Summary

**State Effect:** None. The bill conforms State law to existing practice and does not alter ORP eligibility or benefits.

**Local Effect:** None. ORP employer contributions for eligible community college employees are paid by the State.

**Small Business Effect:** None.

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Analysis

**Current Law:** Only members of employing institutions are eligible to join ORP. Employing institutions include:

- The University System of Maryland;
- Morgan State University;
- St. Mary's College of Maryland; and

- The Maryland Higher Education Commission (MHEC) with respect to its own employees and community college or regional college employees.

Eligible employees of employing institutions have the option of joining ORP rather than enrolling in the State Retirement and Pension System (SRPS). ORP is a defined contribution program that provides an employer contribution of 7.25% of a member's compensation, which is paid by the State. Unlike SRPS plans, there is no mandated employee contribution in ORP.

To join ORP, individuals in employing institutions must be eligible for membership in SRPS and be:

- members of the faculty of an employing institution;
- professional employees of a community college;
- nonclassified employees of the University System of Maryland;
- employees of Morgan State University who are not subject to the provisions of Division I of the State Personnel and Pensions Article; or
- professional employees or faculty members of St. Mary's College of Maryland.

**Background:** MHEC advises that community colleges have traditionally administered ORP on behalf of their participating employees. The bill therefore conforms State law to existing practice.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Higher Education Commission, Department of Legislative Services

**Fiscal Note History:** First Reader - February 14, 2008  
mam/jr

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