

Department of Legislative Services  
Maryland General Assembly  
2015 Session

**FISCAL AND POLICY NOTE**

Senate Bill 191 (Senator Peters)(Chair, Joint Committee on Pensions)  
Budget and Taxation

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**State Retirement and Pension System - Credit for Unused Sick Leave -  
Clarification**

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This bill clarifies that members of the State Retirement and Pension System (SRPS) who retire may receive creditable service for unused sick leave only if the unused leave was available as sick leave while they were employed.

The bill takes effect July 1, 2015.

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**Fiscal Summary**

**State Effect:** Potential minimal decrease in State pension liabilities to the extent that a small number of participating employers currently report higher levels of unused sick leave than that allowed by the bill. No discernible effect on State pension contributions. No effect on revenues.

**Local Effect:** Potential minimal decrease in pension liabilities for participating governmental units (PGU) to the extent that a small number of them currently report higher levels of unused sick leave than that allowed by the bill. No discernible effect on PGU pension contributions. Local revenues are not affected.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** “Creditable service” is service accrued by a member of SRPS that is used to compute a benefit payment. It is distinguished from “eligibility credit,” which is used

to determine eligibility for a benefit payment. Unused sick leave may only be used to enhance a benefit (creditable service) but not to help determine eligibility for a benefit.

Except for the Judges' Retirement System and the Legislative Pension Plan, a member of SRPS who retires within 30 days of separating from employment is entitled to receive creditable service for unused sick leave. Members receive one month of creditable service for every 22 days of unused sick leave at the time of retirement. If the member has at least 11 days but fewer than 22 days of unused sick leave, the member receives one month of creditable service. If a member has at least 22 days of unused sick leave, any fractional days totaling 11 or more entitles the member to one additional month of creditable service.

**Background:** The State Retirement Agency (SRA) has learned that some participating employers (not the State) are combining *other* types of unused leave, including annual leave, with unused sick leave and reporting it to the agency as unused sick leave when an employee retires. This results in some retirees receiving more creditable service than they are entitled to under current law, based on SRA's longstanding interpretation, which was upheld by a circuit court in 1994, that only unused sick leave available to an employee may be counted toward creditable service.

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### Additional Information

**Prior Introductions:** None.

**Cross File:** HB 217 (Delegate B. Barnes)(Chair, Joint Committee on Pensions) - Appropriations.

**Information Source(s):** Maryland State Retirement Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - February 5, 2015  
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