

HOUSE BILL 934

K4

6lr2399
CF SB 674

By: **Delegates B. Barnes, Barkley, Chang, Fennell, Gaines, Ghrist, Gutierrez,
C. Howard, Jackson, Jones, Knotts, Korman, Luedtke, A. Miller,
Pena-Melnyk, Platt, Sanchez, and Tarlau**

Introduced and read first time: February 10, 2016

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' Retirement and Pension System – Employer Contribution for Local**
3 **Employees**

4 FOR the purpose of altering, beginning in a certain fiscal year, the amounts county boards
5 of education are required to pay for certain employer contributions for certain
6 members of the Teachers' Retirement System and the Teachers' Pension System;
7 making certain provisions of this Act subject to certain contingencies; and generally
8 relating to the employer contribution for certain local employees who are members
9 of the Teachers' Retirement System or the Teachers' Pension System.

10 BY repealing and reenacting, without amendments,
11 Article – State Personnel and Pensions
12 Section 21–304(a) and (b)(1) and (5)
13 Annotated Code of Maryland
14 (2015 Replacement Volume)

15 BY repealing and reenacting, with amendments,
16 Article – State Personnel and Pensions
17 Section 21–304(b)(4)
18 Annotated Code of Maryland
19 (2015 Replacement Volume)

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

22 **Article – State Personnel and Pensions**

23 21–304.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) (1) In this section the following words have the meanings indicated.

2 (2) With respect to local employees, “aggregate annual earnable
3 compensation” means the total annual earnable compensation payable by a local employer
4 to all of its local employees, calculated as of June 30 of the second prior fiscal year before
5 the fiscal year for which the calculation is made under this section, adjusted by any
6 actuarial assumed salary increases that were used in the actuarial valuation prepared
7 under § 21–125(b) of this title for the immediate prior fiscal year.

8 (3) “Local employee” means a member of the Teachers’ Retirement System
9 or the Teachers’ Pension System who is an employee of a day school in the State under the
10 authority and supervision of a county board of education or the Baltimore City Board of
11 School Commissioners, employed as:

- 12 (i) a clerk;
- 13 (ii) a helping teacher;
- 14 (iii) a principal;
- 15 (iv) a superintendent;
- 16 (v) a supervisor; or
- 17 (vi) a teacher.

18 (4) “Local employer” means a county board of education or the Baltimore
19 City Board of School Commissioners.

20 (5) “State member” does not include a member on whose behalf a
21 participating governmental unit is required to make an employer contribution under §
22 21–305 or § 21–306 of this subtitle.

23 (6) “Total employer contribution for local employees” means that portion of
24 the employer contribution calculated under subsection (b) of this section that is attributable
25 to all local employees.

26 (b) (1) Subject to paragraphs (4) and (5) of this subsection, each fiscal year, on
27 behalf of the State members of each State system, the State shall pay to the appropriate
28 accumulation fund an amount equal to or greater than the sum of the amount, if any,
29 required to be included in the budget bill under § 3–501(c)(2)(ii) of this article and the
30 product of multiplying:

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

1 (ii) the sum of the normal contribution rate and the accrued liability
 2 contribution rate for State members of that State system, as determined under this section.

3 (4) (i) Subject to § 21–309.1 of this subtitle, beginning on July 1, 2012
 4 and each fiscal year thereafter, each local employer shall pay to the appropriate
 5 accumulation fund an amount equal to the local share of the total employer contribution
 6 for local employees as provided in this paragraph.

7 (ii) For fiscal years 2013 through 2016, each local employer shall pay
 8 to the Board of Trustees its local share, which shall be equal to the following amounts:

9	Local	Fiscal	Fiscal	Fiscal	Fiscal
10	Employer	Year	Year	Year	Year
11		2013	2014	2015	2016
12	Allegany	1,487,742	1,885,754	2,412,465	2,773,677
13	Anne Arundel	11,493,684	14,568,567	18,637,716	21,428,297
14	Baltimore City	12,922,862	16,380,092	20,955,217	24,092,793
15	Baltimore	15,755,802	19,970,922	25,549,002	29,374,395
16	Calvert	2,835,938	3,594,631	4,598,648	5,287,193
17	Caroline	793,934	1,006,334	1,287,413	1,480,175
18	Carroll	4,005,782	5,077,441	6,495,621	7,468,196
19	Cecil	2,459,819	3,117,889	3,988,747	4,585,973
20	Charles	3,936,516	4,989,645	6,383,304	7,339,061
21	Dorchester	656,543	832,186	1,064,625	1,224,028
22	Frederick	5,893,461	7,470,128	9,556,610	10,987,499
23	Garrett	664,714	842,544	1,077,874	1,239,262
24	Harford	5,529,741	7,009,102	8,966,815	10,309,396
25	Howard	9,821,066	12,448,477	15,925,463	18,309,945
26	Kent	366,147	464,102	593,730	682,628
27	Montgomery	27,227,553	34,511,689	44,151,153	50,761,802
28	Prince George's	19,554,579	24,785,979	31,708,954	36,456,662
29	Queen Anne's	1,105,527	1,401,286	1,792,679	2,061,093
30	St. Mary's	2,485,697	3,150,691	4,030,711	4,634,220
31	Somerset	480,124	608,570	778,550	895,121
32	Talbot	628,456	796,586	1,019,080	1,171,665
33	Washington	3,094,113	3,921,875	5,017,294	5,768,522
34	Wicomico	2,173,593	2,755,091	3,524,616	4,052,348
35	Worcester	1,271,561	1,611,739	2,061,914	2,370,640

36 (iii) Beginning in fiscal year 2017 AND EACH FISCAL YEAR
 37 THEREAFTER, each local employer shall pay to the Board of Trustees its local share,
 38 WHICH SHALL BE equal to THE LESSER OF:

1 **1.** the normal contribution rate for the Teachers' Retirement
2 System and the Teachers' Pension System multiplied by the aggregate annual earnable
3 compensation of the local employees of that local employer; **OR**

4 **2.** **A CONTRIBUTION RATE OF 4.05% MULTIPLIED BY THE**
5 **AGGREGATE ANNUAL EARNABLE COMPENSATION OF THE LOCAL EMPLOYEES OF**
6 **THAT LOCAL EMPLOYER.**

7 (5) The difference between the total employer contribution for local
8 employees and the local share of the total employer contribution for all local employees
9 shall be the obligation of the State.

10 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
11 as follows:

12 **Article – State Personnel and Pensions**

13 21–304.

14 (a) (1) In this section the following words have the meanings indicated.

15 (2) With respect to local employees, “aggregate annual earnable
16 compensation” means the total annual earnable compensation payable by a local employer
17 to all of its local employees, calculated as of June 30 of the second prior fiscal year before
18 the fiscal year for which the calculation is made under this section, adjusted by any
19 actuarial assumed salary increases that were used in the actuarial valuation prepared
20 under § 21–125(b) of this title for the immediate prior fiscal year.

21 (3) “Local employee” means a member of the Teachers' Retirement System
22 or the Teachers' Pension System who is an employee of a day school in the State under the
23 authority and supervision of a county board of education or the Baltimore City Board of
24 School Commissioners, employed as:

- 25 (i) a clerk;
- 26 (ii) a helping teacher;
- 27 (iii) a principal;
- 28 (iv) a superintendent;
- 29 (v) a supervisor; or
- 30 (vi) a teacher.

(4) “Local employer” means a county board of education or the Baltimore City Board of School Commissioners.

(5) “State member” does not include a member on whose behalf a participating governmental unit is required to make an employer contribution under § 21–305 or § 21–306 of this subtitle.

(6) “Total employer contribution for local employees” means that portion of the employer contribution calculated under subsection (b) of this section that is attributable to all local employees.

(b) (1) Subject to paragraphs (4) and (5) of this subsection, each fiscal year, on behalf of the State members of each State system, the State shall pay to the appropriate accumulation fund an amount equal to or greater than the sum of the amount, if any, required to be included in the budget bill under § 3–501(c)(2)(ii) of this article and the product of multiplying:

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

(ii) the sum of the normal contribution rate and the accrued liability contribution rate for State members of that State system, as determined under this section.

(4) (i) Subject to § 21–309.1 of this subtitle, beginning on July 1, 2012 and each fiscal year thereafter, each local employer shall pay to the appropriate accumulation fund an amount equal to the local share of the total employer contribution for local employees as provided in this paragraph.

(ii) For fiscal years 2013 through 2016, each local employer shall pay to the Board of Trustees its local share, which shall be equal to the following amounts:

Local Employer	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Allegany	1,487,742	1,885,754	2,412,465	2,773,677
Anne Arundel	11,493,684	14,568,567	18,637,716	21,428,297
Baltimore City	12,922,862	16,380,092	20,955,217	24,092,793
Baltimore	15,755,802	19,970,922	25,549,002	29,374,395
Calvert	2,835,938	3,594,631	4,598,648	5,287,193
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Charles	3,936,516	4,989,645	6,383,304	7,339,061
Dorchester	656,543	832,186	1,064,625	1,224,028
Frederick	5,893,461	7,470,128	9,556,610	10,987,499
Garrett	664,714	842,544	1,077,874	1,239,262

1	Harford	5,529,741	7,009,102	8,966,815	10,309,396
2	Howard	9,821,066	12,448,477	15,925,463	18,309,945
3	Kent	366,147	464,102	593,730	682,628
4	Montgomery	27,227,553	34,511,689	44,151,153	50,761,802
5	Prince George's	19,554,579	24,785,979	31,708,954	36,456,662
6	Queen Anne's	1,105,527	1,401,286	1,792,679	2,061,093
7	St. Mary's	2,485,697	3,150,691	4,030,711	4,634,220
8	Somerset	480,124	608,570	778,550	895,121
9	Talbot	628,456	796,586	1,019,080	1,171,665
10	Washington	3,094,113	3,921,875	5,017,294	5,768,522
11	Wicomico	2,173,593	2,755,091	3,524,616	4,052,348
12	Worcester	1,271,561	1,611,739	2,061,914	2,370,640

13 (iii) [Beginning in] **FOR** fiscal year 2017, each local employer shall
 14 pay to the Board of Trustees its local share equal to the normal contribution rate for the
 15 Teachers' Retirement System and the Teachers' Pension System multiplied by the
 16 aggregate annual earnable compensation of the local employees of that local employer.

17 (IV) **BEGINNING IN FISCAL YEAR 2018 AND EACH FISCAL YEAR**
 18 **THEREAFTER, EACH LOCAL EMPLOYER SHALL PAY TO THE BOARD OF TRUSTEES ITS**
 19 **LOCAL SHARE, WHICH SHALL BE EQUAL TO THE LESSER OF:**

20 1. **THE NORMAL CONTRIBUTION RATE FOR THE**
 21 **TEACHERS' RETIREMENT SYSTEM AND THE TEACHERS' PENSION SYSTEM**
 22 **MULTIPLIED BY THE AGGREGATE ANNUAL EARNABLE COMPENSATION OF THE**
 23 **LOCAL EMPLOYEES OF THAT LOCAL EMPLOYER; OR**

24 2. **A CONTRIBUTION RATE OF 4.05% MULTIPLIED BY THE**
 25 **AGGREGATE ANNUAL EARNABLE COMPENSATION OF THE LOCAL EMPLOYEES OF**
 26 **THAT LOCAL EMPLOYER.**

27 (5) The difference between the total employer contribution for local
 28 employees and the local share of the total employer contribution for all local employees
 29 shall be the obligation of the State.

30 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take
 31 effect contingent on funding being provided in Chapter ____ (S.B. ____) of the Acts of the
 32 General Assembly of 2016 (Budget Bill Fiscal Year 2017) that is equal to the amount that
 33 is the difference between the normal contribution rate for the Teachers' Retirement System
 34 and the Teachers' Pension System and a contribution rate of 4.05% for local employees
 35 under § 21-304(b)(4)(iii) of the State Personnel and Pensions Article for fiscal year 2017. If
 36 funding equal to that amount is not provided in Chapter ____ (S.B. ____) of the Acts of the
 37 General Assembly of 2016 (Budget Bill Fiscal Year 2017), Section 1 of this Act shall be null
 38 and void without the necessity of further action by the General Assembly.

1 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take
2 effect contingent on funding not being provided in Chapter ____ (S.B. ____) of the Acts of
3 the General Assembly of 2016 (Budget Bill Fiscal Year 2017) that is equal to the amount
4 that is the difference between the normal contribution rate for local employees of the
5 Teachers' Retirement System and the Teachers' Pension System and a contribution rate of
6 4.05% for local employees under § 21-304(b)(4)(iii) of the State Personnel and Pensions
7 Article for fiscal year 2017. If funding equal to that amount is provided in Chapter ____
8 (S.B. ____) of the Acts of the General Assembly of 2016 (Budget Bill Fiscal Year 2017),
9 Section 2 of this Act shall be null and void without the necessity of further action by the
10 General Assembly.

11 SECTION 5. AND BE IT FURTHER ENACTED, That, subject to the provisions of
12 Sections 3 and 4 of this Act, this Act shall take effect July 1, 2016.