

SENATE BILL 880

P6

4r2089
CF HB 1004

By: **Senator Jackson (Chair, Joint Committee on Pensions)**

Introduced and read first time: February 2, 2024

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Average Final Compensation –**
3 **Compensation Adjustments**

4 FOR the purpose of establishing that certain adjustments to compensation may not be
5 considered an extraordinary salary increase when determining the average final
6 compensation of a member in the State Retirement and Pension System; requiring a
7 member to submit certain information to the State Retirement Agency at the time of
8 retirement; and generally relating to the calculation of average final compensation
9 in the State Retirement and Pension System.

10 BY repealing and reenacting, with amendments,
11 Article – State Personnel and Pensions
12 Section 20–205(e) and 20–205.1(d)
13 Annotated Code of Maryland
14 (2015 Replacement Volume and 2023 Supplement)

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

17 **Article – State Personnel and Pensions**

18 20–205.

19 (e) **(1)** Except [for a salary increase because of a member’s promotion] **AS**
20 **PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION**, the member’s average final
21 compensation does not include a salary increase in the last 3 years of employment if it is
22 an extraordinary salary increase according to regulations that the Board of Trustees
23 adopts.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(2) A SALARY INCREASE MAY NOT BE CONSIDERED AN**
2 **EXTRAORDINARY SALARY INCREASE UNDER PARAGRAPH (1) OF THIS SUBSECTION**
3 **IF THE SALARY INCREASE IS:**

4 **(I) BECAUSE OF A MEMBER'S PROMOTION; OR**

5 **(II) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION,**
6 **RELATED TO A REVIEW AND ADJUSTMENT TO THE COMPENSATION FOR A POSITION**
7 **CLASSIFICATION TO:**

8 **1. ADDRESS INEQUITIES IN COMPENSATION AMONG**
9 **EMPLOYEES IN THE SAME POSITION CLASSIFICATION; OR**

10 **2. INCREASE THE COMPENSATION FOR THE POSITION**
11 **CLASSIFICATION TO BE MORE CONSISTENT WITH MARKET COMPENSATION FOR THE**
12 **POSITION.**

13 **(3) (I) A MEMBER SHALL NOTIFY THE STATE RETIREMENT**
14 **AGENCY THAT A SALARY INCREASE IS NOT AN EXTRAORDINARY SALARY INCREASE**
15 **BY PROVIDING DOCUMENTATION ESTABLISHING THE INCREASE WAS RELATED TO A**
16 **REVIEW AND ADJUSTMENT FOR THE MEMBER'S POSITION CLASSIFICATION IN**
17 **ACCORDANCE WITH PARAGRAPH (2)(II) OF THIS SUBSECTION.**

18 **(II) A MEMBER SHALL PROVIDE THE NOTICE REQUIRED UNDER**
19 **SUBPARAGRAPH (I) OF THIS PARAGRAPH WHEN THE MEMBER SUBMITS AN**
20 **APPLICATION FOR RETIREMENT.**

21 20-205.1.

22 **(d) (1) Except [for a salary increase because of a member's promotion] AS**
23 **PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, the member's average final**
24 **compensation does not include a salary increase in the last 5 years of employment if it is**
25 **an extraordinary salary increase according to regulations that the Board of Trustees**
26 **adopts.**

27 **(2) A SALARY INCREASE MAY NOT BE CONSIDERED AN**
28 **EXTRAORDINARY SALARY INCREASE UNDER PARAGRAPH (1) OF THIS SUBSECTION**
29 **IF THE SALARY INCREASE IS:**

30 **(I) BECAUSE OF A MEMBER'S PROMOTION; OR**

31 **(II) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION,**
32 **RELATED TO A REVIEW AND ADJUSTMENT TO THE COMPENSATION FOR A POSITION**
33 **CLASSIFICATION TO:**

1 1. ADDRESS INEQUITIES IN COMPENSATION AMONG
2 EMPLOYEES IN THE SAME POSITION CLASSIFICATION; OR

3 2. INCREASE THE COMPENSATION FOR THE POSITION
4 CLASSIFICATION TO BE MORE CONSISTENT WITH MARKET COMPENSATION FOR THE
5 POSITION.

6 (3) (I) A MEMBER SHALL NOTIFY THE STATE RETIREMENT
7 AGENCY THAT A SALARY INCREASE IS NOT AN EXTRAORDINARY SALARY INCREASE
8 BY PROVIDING DOCUMENTATION ESTABLISHING THE INCREASE WAS RELATED TO A
9 REVIEW AND ADJUSTMENT FOR THE MEMBER'S POSITION CLASSIFICATION IN
10 ACCORDANCE WITH PARAGRAPH (2)(II) OF THIS SUBSECTION.

11 (II) A MEMBER SHALL PROVIDE THE NOTICE REQUIRED UNDER
12 SUBPARAGRAPH (I) OF THIS PARAGRAPH WHEN THE MEMBER SUBMITS AN
13 APPLICATION FOR RETIREMENT.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
15 1, 2024.