

JACK BAILEY
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Calvert and St. Mary's Counties

Budget & Taxation Committee



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Senate Bill 395 – State Employee and Retiree Health Benefits - Creditable Service - Historic St. Mary's City Commission

Dear Chairman Jackson and Members of the Subcommittee,

I am writing to introduce Senate Bill 395 – State Employee and Retiree Health Benefits - Creditable Service - Historic St. Mary's City Commission. This bill would correct an error in the service time calculation for two employees of Historic St. Mary's City that affects their creditable service for retiree health benefits.

These employees were allowed to be placed in the Optional Retirement Program, which is limited to educational institutions, in error on the advice of human resources personnel because of a misunderstanding that HSMC was affiliated with St. Mary's College of Maryland as an educational institution. In 2009, the State determined that these employees were in fact not eligible to be in the ORP under IRS rules and they were transferred to the State Retirement and Pension System.

Because these employees were erroneously placed in the ORP for 11 years of their career and then placed back in the State Retirement and Pension System, they are not able to retire with their full cumulative years of service. This legislation is intended to correct this error by permitting the years of service in ORP to be credited to the SRPS system for the calculation of eligibility for health insurance benefits.

These employees should not lose benefits that they earned due to advice that was given in error. I respectfully request a favorable report on Senate Bill 395. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Bailey'.

Senator Jack Bailey