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The Maryland House of Delegates
ANNAPOLIS, MARYLAND 21401

Testimony in Support of HB 629

State Retirement and Pension System – Consumer Price Index – Definition

Testimony of Delegate Cathi Forbes

Appropriations

February 13, 2024

What this bill does

This is a technical change that amends the definition of Consumer Price Index (CPI) to reference the 1982-84 index instead of the 1967 index.

Why this is necessary

[Section 29-401](#) of the State Personnel and Pensions Articles defines the Consumer Price Index for purposes of calculating the annual retiree cost of living adjustments (COLA) as “the annual average Consumer Price Index (CPI) (all urban consumers, United States city average, all items, not seasonally adjusted, 1967 = 100) for the calendar year ending December 31 as published by the United States Department of Labor, Bureau of Labor Statistics.”

The 1967 index was retired in 1988 by the Bureau of Labor Statistics (BLS) and replaced with the 1982-1984 index. While the BLS is still publishing the 1967 index there is a risk they will discontinue publishing it.

The State Retirement Agency indicates that the same growth rate was calculated using the 1967 index and the 1982-84 index, indicating that had staff used the 1982-84 index to calculate the retiree COLAs for the past 10 years, the COLAs would be the same as those that were calculated using the 1967 index.

Why you should vote for this bill

This is a technical change that should have no financial impact and will provide consistency with other provisions of the Maryland Annotated Code that reference the CPI.

I ask for a favorable report. Thank you.