

FAVORABLE
Senate Bill 880
State Retirement and Pension System – Average Final Compensation –
Compensation Adjustments

Senate Budget and Taxation Committee
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The Maryland State Education Association supports Senate Bill 880. Senate Bill 880 provides that a salary increase is not an extraordinary salary increase, for purposes of calculating the average final compensation for a member of the Employees' Pension System or Teachers' Pension System, if the salary increase is related to a review and adjustment to the compensation for a position classification that address inequities in compensation among employees within the same position classification or increases the compensation for the position classification to be consistent with comparable market compensation for the position.

MSEA represents 75,000 educators and school employees who work in Maryland's public schools, teaching and preparing our almost 900,000 students so they can pursue their dreams. MSEA also represents 39 local affiliates in every county across the state of Maryland, and our parent affiliate is the 3 million-member National Education Association (NEA).

MSEA believes that a guaranteed adequate income throughout retirement is essential for school districts to enhance recruitment efforts, improve retention rates among current employees, and to create a high-quality public education system. Moreover, MSEA believes that defined pension benefit plans are the best retirement tool to accomplish these goals. Senate Bill 880 furthers these goals by ensuring a member's calculated average final compensation does not exclude salary increases that: i) are a result of compensation adjustments to correct compensation inequities among employees within the same position classification, or ii) reflect compensation increases to match comparable market compensation for the position. MSEA appreciates the sponsor for bringing forward this important piece of legislation.

We urge the committee to issue a Favorable Report on Senate Bill 880.