

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 1047
Appropriations

(Prince George's County Delegation)

Employees' Pension System - Prince George's County - Optional Membership
PG 418-14

This bill sets deadlines for specified employees of Prince George's County for whom membership in the Employees' Pension System (EPS) is optional to join EPS. Membership becomes mandatory for those individuals who elect to join EPS or who have already joined EPS. A decision to join or not join EPS by the deadline is a one-time, irrevocable decision. An individual who elects not to join EPS and transfers to another of the specified positions may still not participate in EPS. The Board of Trustees of the State Retirement and Pension System (SRPS) must adopt regulations to implement the bill.

The bill takes effect July 1, 2014.

Fiscal Summary

State Effect: None. The SRPS board can develop regulations with existing budgeted resources. No effect on revenues.

Local Effect: If all eligible employees of Prince George's County elect to join EPS by the specified deadline, Prince George's County pension contributions increase by about \$600,000 annually, beginning in FY 2015. No effect on Prince George's County revenues.

Small Business Effect: None.

Analysis

Bill Summary: Membership in EPS is optional for employees of Prince George's County who (1) began serving in one of the positions listed below on or after July 1, 2004, but before July 1, 2014; (2) remain in that position on July 1, 2014; and (3) are not already enrolled in EPS:

- chief administrative officer;
- deputy chief administrative officer;
- director of a county office or department;
- county council administrator;
- deputy director of a county office or department; or
- executive director.

Except as specified below, membership in EPS is also optional for individuals who begin serving in any of those positions on or after July 1, 2014. However, all of the individuals referenced in the bill must elect to join EPS by September 30, 2014, or within one year of employment, whichever comes first. If they do not join by then, they may not join EPS. A decision to join EPS is irrevocable, and membership becomes mandatory for those individuals and for individuals who had already elected to join EPS before the bill.

Current Law: Subject to limited exceptions, membership in EPS is optional for employees of participating governmental units (PGUs) who (1) were employed by a PGU on June 30, 2004, and (2) were employed by the PGU on the effective date of its participation in the State system. However, membership is optional only as long as the individual is employed by the PGU.

Background: Prince George's County government is one of only a handful of PGUs that participates in noncontributory EPS. Based on the June 30, 2013 actuarial valuation, the fiscal 2015 employer contribution rate for noncontributory EPS is 6.2% of compensation.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Department of Legislative Services

Fiscal Note History: First Reader - February 24, 2014
ncs/rhh

Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510