

HOUSE BILL 863

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2lr3155
CF SB 836

By: **Delegate Serafini**

Introduced and read first time: February 9, 2012

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Teachers' Retirement and Pension Systems – Local Employer Contributions**

3 FOR the purpose of requiring the State Board of Education to provide for the
4 calculation of a payment of a certain portion of employer contributions for
5 certain members of the Teachers' Retirement System or the Teachers' Pension
6 System; requiring certain counties to pay a certain amount of employer
7 contributions for certain members of the Teachers' Retirement System or the
8 Teachers' Pension System; requiring the State to pay, under certain
9 circumstances, a certain portion of certain employer contributions for certain
10 members of the Teachers' Retirement System or the Teachers' Pension System;
11 altering the amount of employer contributions the State is required to pay for
12 certain members of the Teachers' Retirement System or the Teachers' Pension
13 System; providing for the method of payment each county is required to make to
14 the Board of Trustees for the State Retirement and Pension System regarding a
15 certain portion of employer contributions for certain members of the Teachers'
16 Retirement System or the Teachers' Pension System; requiring the State Board
17 of Education, the Maryland Higher Education Commission, and each county to
18 submit certain information to the Board of Trustees on or before a certain date
19 each year; requiring the Board of Trustees to make certain determinations
20 based on certain information; providing for the application of this Act; defining
21 certain terms; and generally relating to the payment of employer contributions
22 for certain members of the Teachers' Retirement System or the Teachers'
23 Pension System.

24 BY repealing and reenacting, with amendments,
25 Article – State Personnel and Pensions
26 Section 21–304 and 21–308
27 Annotated Code of Maryland
28 (2009 Replacement Volume and 2011 Supplement)

29 BY adding to

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Article – State Personnel and Pensions
2 Section 21–309.1
3 Annotated Code of Maryland
4 (2009 Replacement Volume and 2011 Supplement)

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

7 **Article – State Personnel and Pensions**

8 21–304.

9 (a) (1) In this section the following words have the meanings indicated.

10 (2) “Preliminary funding rate” means the sum of:

11 (i) the aggregate normal rate that is based on the normal
12 contribution rate calculated under subsection [(c)] **(D)** of this section; and

13 (ii) the aggregate unfunded accrued liability contribution rate
14 that is based on the unfunded accrued liability contribution rate under subsection
15 [(d)(1)(i)] **(E)(1)(I)** and (ii)1 and 2 and (2) of this section.

16 (3) “Funding ratio for the employees’ systems” means the actuarial
17 value of assets for the employees’ systems divided by the actuarial accrued liability for
18 the employees’ systems.

19 (4) “Funding ratio for the teachers’ systems” means the actuarial
20 value of assets for the teachers’ systems divided by the actuarial accrued liability for
21 the teachers’ systems.

22 **(5) “LOCAL COMMUNITY COLLEGE EMPLOYEES” MEANS THOSE**
23 **MEMBERS OF THE TEACHERS’ RETIREMENT SYSTEM OR THE TEACHERS’**
24 **PENSION SYSTEM WHO ARE FACULTY, PROFESSIONAL, OR CLERICAL**
25 **EMPLOYEES OF A COMMUNITY COLLEGE THAT IS ESTABLISHED UNDER THE**
26 **EDUCATION ARTICLE.**

27 **(6) “LOCAL COMMUNITY COLLEGE SHARE” MEANS THAT PORTION**
28 **OF THE TOTAL EMPLOYER CONTRIBUTION FOR LOCAL COMMUNITY COLLEGE**
29 **EMPLOYEES THAT IS:**

30 **(I) SOLELY ATTRIBUTABLE TO THE AMOUNT OF A LOCAL**
31 **COMMUNITY COLLEGE EMPLOYEE’S SALARY THAT IS IN EXCESS OF THE**
32 **STATEWIDE MEDIAN COMMUNITY COLLEGE EMPLOYEE SALARY; AND**

1 **(II) ATTRIBUTABLE TO THE LOCAL COMMUNITY COLLEGE**
2 **EMPLOYEES OF EACH COUNTY.**

3 **(7) “LOCAL LIBRARIAN EMPLOYEES” MEANS THOSE MEMBERS OF**
4 **THE TEACHERS’ RETIREMENT SYSTEM OR THE TEACHERS’ PENSION SYSTEM**
5 **WHO ARE LIBRARIANS OR CLERICAL EMPLOYEES OF A LIBRARY THAT IS**
6 **ESTABLISHED OR OPERATES UNDER THE EDUCATION ARTICLE.**

7 **(8) “LOCAL LIBRARIAN SHARE” MEANS THAT PORTION OF THE**
8 **TOTAL EMPLOYER CONTRIBUTION FOR LOCAL LIBRARIAN EMPLOYEES THAT IS:**

9 **(I) SOLELY ATTRIBUTABLE TO THE AMOUNT OF A LOCAL**
10 **LIBRARIAN EMPLOYEE’S SALARY THAT IS IN EXCESS OF THE STATEWIDE MEDIAN**
11 **LIBRARIAN EMPLOYEE SALARY; AND**

12 **(II) ATTRIBUTABLE TO THE LOCAL LIBRARIAN EMPLOYEES**
13 **OF EACH COUNTY.**

14 **(9) “LOCAL MEDIAN COMMUNITY COLLEGE EMPLOYEE SALARY”**
15 **MEANS THE MEDIAN ANNUAL SALARY OF ALL LOCAL COMMUNITY COLLEGE**
16 **EMPLOYEES FOR EACH COUNTY AS DETERMINED BY EACH COUNTY AND**
17 **SUBMITTED TO THE BOARD OF TRUSTEES UNDER SUBSECTION (A-1) OF THIS**
18 **SECTION.**

19 **(10) “LOCAL MEDIAN LIBRARIAN EMPLOYEE SALARY” MEANS THE**
20 **MEDIAN ANNUAL SALARY OF ALL LOCAL LIBRARIAN EMPLOYEES FOR EACH**
21 **COUNTY AS DETERMINED BY EACH COUNTY AND SUBMITTED TO THE BOARD OF**
22 **TRUSTEES UNDER SUBSECTION (A-1) OF THIS SECTION.**

23 **(11) “LOCAL MEDIAN TEACHER EMPLOYEE SALARY” MEANS THE**
24 **MEDIAN ANNUAL SALARY OF ALL LOCAL TEACHER EMPLOYEES FOR EACH**
25 **COUNTY AS DETERMINED BY EACH COUNTY AND SUBMITTED TO THE BOARD OF**
26 **TRUSTEES UNDER SUBSECTION (A-1) OF THIS SECTION.**

27 **(12) “LOCAL TEACHER EMPLOYEES” MEANS THOSE MEMBERS OF**
28 **THE TEACHERS’ RETIREMENT SYSTEM OR THE TEACHERS’ PENSION SYSTEM**
29 **WHO ARE EMPLOYEES OF A DAY SCHOOL IN THE STATE UNDER THE AUTHORITY**
30 **AND SUPERVISION OF A COUNTY BOARD OF EDUCATION OR THE BALTIMORE**
31 **CITY BOARD OF SCHOOL COMMISSIONERS, EMPLOYED AS:**

32 **(I) A CLERK;**

33 **(II) A HELPING TEACHER;**

- 1 (III) A TEACHER;
- 2 (IV) A SUPERVISOR;
- 3 (V) A PRINCIPAL; OR
- 4 (VI) A SUPERINTENDENT.

5 (13) “LOCAL TEACHER SHARE” MEANS THAT PORTION OF THE
6 TOTAL EMPLOYER CONTRIBUTION FOR LOCAL TEACHER EMPLOYEES THAT IS:

7 (I) SOLELY ATTRIBUTABLE TO THE AMOUNT OF A LOCAL
8 TEACHER EMPLOYEE’S SALARY THAT IS IN EXCESS OF THE STATEWIDE MEDIAN
9 TEACHER EMPLOYEE SALARY; AND

10 (II) ATTRIBUTABLE TO THE LOCAL TEACHER EMPLOYEES
11 OF EACH COUNTY.

12 [(5)] (14) “State member” does not include a member on whose behalf
13 a participating governmental unit is required to make an employer contribution under
14 § 21–305 or § 21–306 of this subtitle.

15 (15) “STATEWIDE MEDIAN LOCAL COMMUNITY COLLEGE
16 EMPLOYEE SALARY” MEANS THE MEDIAN ANNUAL SALARY OF ALL LOCAL
17 COMMUNITY COLLEGE EMPLOYEES AS DETERMINED BY THE MARYLAND
18 HIGHER EDUCATION COMMISSION AND SUBMITTED TO THE BOARD OF
19 TRUSTEES UNDER SUBSECTION (A–1) OF THIS SECTION.

20 (16) “STATEWIDE MEDIAN LOCAL LIBRARIAN EMPLOYEE SALARY”
21 MEANS THE MEDIAN ANNUAL SALARY OF ALL LOCAL LIBRARIAN EMPLOYEES AS
22 DETERMINED BY THE STATE BOARD OF EDUCATION AND SUBMITTED TO THE
23 BOARD OF TRUSTEES UNDER SUBSECTION (A–1) OF THIS SECTION.

24 (17) “STATEWIDE MEDIAN LOCAL TEACHER EMPLOYEE SALARY”
25 MEANS THE MEDIAN ANNUAL SALARY OF ALL LOCAL TEACHER EMPLOYEES AS
26 DETERMINED BY THE STATE BOARD OF EDUCATION AND SUBMITTED TO THE
27 BOARD OF TRUSTEES UNDER SUBSECTION (A–1) OF THIS SECTION.

28 (18) “TOTAL EMPLOYER CONTRIBUTION FOR LOCAL COMMUNITY
29 COLLEGE EMPLOYEES” MEANS THAT PORTION OF THE EMPLOYER
30 CONTRIBUTION CALCULATED UNDER SUBSECTION (B) OF THIS SECTION THAT IS
31 ATTRIBUTABLE TO ALL LOCAL COMMUNITY COLLEGE EMPLOYEES.

1 **(19) “TOTAL EMPLOYER CONTRIBUTION FOR LOCAL LIBRARIAN**
2 **EMPLOYEES” MEANS THAT PORTION OF THE EMPLOYER CONTRIBUTION**
3 **CALCULATED UNDER SUBSECTION (B) OF THIS SECTION THAT IS ATTRIBUTABLE**
4 **TO ALL LOCAL LIBRARIAN EMPLOYEES.**

5 **(20) “TOTAL EMPLOYER CONTRIBUTION FOR LOCAL TEACHER**
6 **EMPLOYEES” MEANS THAT PORTION OF THE EMPLOYER CONTRIBUTION**
7 **CALCULATED UNDER SUBSECTION (B) OF THIS SECTION THAT IS ATTRIBUTABLE**
8 **TO ALL LOCAL TEACHER EMPLOYEES.**

9 **(A-1) (1) (i) ON OR BEFORE APRIL 1 OF EACH YEAR, THE STATE**
10 **BOARD OF EDUCATION SHALL SUBMIT TO THE BOARD OF TRUSTEES:**

11 **1. THE AMOUNT OF THE STATEWIDE MEDIAN LOCAL**
12 **LIBRARIAN EMPLOYEE SALARY FOR THE PRECEDING CALENDAR YEAR; AND**

13 **2. THE AMOUNT OF THE STATEWIDE MEDIAN LOCAL**
14 **TEACHER EMPLOYEE SALARY FOR THE PRECEDING CALENDAR YEAR.**

15 **(ii) 1. THIS SUBPARAGRAPH DOES NOT INCLUDE LOCAL**
16 **COMMUNITY COLLEGE EMPLOYEES EMPLOYED BY BALTIMORE CITY**
17 **COMMUNITY COLLEGE.**

18 **2. ON OR BEFORE APRIL 1 OF EACH YEAR, THE**
19 **MARYLAND HIGHER EDUCATION COMMISSION SHALL SUBMIT TO THE BOARD**
20 **OF TRUSTEES THE AMOUNT OF THE STATEWIDE MEDIAN LOCAL COMMUNITY**
21 **COLLEGE EMPLOYEE SALARY FOR THE PRECEDING CALENDAR YEAR.**

22 **(2) ON OR BEFORE APRIL 1 OF EACH YEAR, EACH COUNTY SHALL**
23 **SUBMIT TO THE BOARD OF TRUSTEES:**

24 **(i) THE AMOUNT OF THE LOCAL MEDIAN COMMUNITY**
25 **COLLEGE EMPLOYEE SALARY FOR THE PRECEDING CALENDAR YEAR;**

26 **(ii) THE AMOUNT OF THE LOCAL MEDIAN LIBRARIAN**
27 **EMPLOYEE SALARY FOR THE PRECEDING CALENDAR YEAR; AND**

28 **(iii) THE AMOUNT OF THE LOCAL MEDIAN TEACHER**
29 **EMPLOYEE SALARY FOR THE PRECEDING CALENDAR YEAR.**

30 **(b) (1) [Each] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS**
31 **SECTION, EACH fiscal year, on behalf of the State members of each State system, the**
32 **State shall pay to the appropriate accumulation fund an amount equal to or greater**

1 than the sum of the amount, if any, required to be included in the budget bill under §
2 3–501(c)(2)(ii) of this article and the product of multiplying:

3 (i) the aggregate annual earnable compensation of the State
4 members of that State system; and

5 (ii) 1. for State members of the Law Enforcement Officers'
6 Retirement System, State Police Retirement System, and the Judges' Retirement
7 System, the sum of the normal contribution rate and the accrued liability contribution
8 rate, as determined under this section;

9 2. for State members of the Employees' Pension System,
10 Employees' Retirement System, Correctional Officers' Retirement System, and
11 Legislative Pension Plan, the employees' systems contribution rate determined under
12 subsection [(e)] (F) of this section; or

13 3. for State members of the Teachers' Pension System
14 and Teachers' Retirement System, the teachers' systems contribution rate determined
15 under subsection [(f)] (G) of this section.

16 (2) The amount determined under paragraph (1) of this subsection for
17 each State system shall be based on an actuarial determination of the amounts that
18 are required to preserve the integrity of the funds of the several systems using:

19 (i) the entry–age actuarial cost method; and

20 (ii) actuarial assumptions adopted by the Board of Trustees.

21 (3) For the purpose of making the determinations required under this
22 section:

23 (i) the Employees' Retirement System, the Employees' Pension
24 System, the Correctional Officers' Retirement System, and the Legislative Pension
25 Plan shall be considered together as one State system; and

26 (ii) the Teachers' Retirement System and the Teachers' Pension
27 System shall be considered together as one State system.

28 (C) (1) (I) 1. THIS SUBPARAGRAPH DOES NOT APPLY TO:

29 A. BALTIMORE CITY COMMUNITY COLLEGE; AND

30 B. ANY COUNTY WHOSE LOCAL MEDIAN COMMUNITY
31 COLLEGE EMPLOYEE SALARY IS LESS THAN THE STATEWIDE MEDIAN LOCAL
32 COMMUNITY COLLEGE EMPLOYEE SALARY.

1 **2. BEGINNING JULY 1, 2013, ON BEHALF OF THE**
2 **LOCAL COMMUNITY COLLEGE EMPLOYEES OF EACH COUNTY, EACH COUNTY**
3 **SHALL PAY EACH FISCAL YEAR TO THE APPROPRIATE ACCUMULATION FUND AN**
4 **AMOUNT EQUAL TO OR GREATER THAN THE LOCAL COMMUNITY COLLEGE**
5 **SHARE OF THE TOTAL EMPLOYER CONTRIBUTION FOR LOCAL COMMUNITY**
6 **COLLEGE EMPLOYEES.**

7 **3. A. FOR A REGIONAL COMMUNITY COLLEGE, AS**
8 **DEFINED UNDER § 16-202 OF THE EDUCATION ARTICLE, THE OBLIGATION OF**
9 **THE LOCAL COMMUNITY COLLEGE SHARE OF THE TOTAL EMPLOYER**
10 **CONTRIBUTION FOR LOCAL COMMUNITY COLLEGE EMPLOYEES SHALL BE**
11 **SHARED BY EACH COUNTY SUPPORTING THE REGIONAL COMMUNITY COLLEGE.**

12 **B. EACH COUNTY'S SHARE SHALL BE PRORATED BY**
13 **DIVIDING THE NUMBER OF FULL-TIME EQUIVALENT STUDENTS, AS**
14 **CALCULATED UNDER § 16-305(B)(7) OF THE EDUCATION ARTICLE FOR THE**
15 **SECOND PRIOR FISCAL YEAR, WHO ARE ENROLLED AT THE REGIONAL**
16 **COMMUNITY COLLEGE AND ARE RESIDENTS OF THE COUNTY BY THE TOTAL**
17 **NUMBER OF FULL-TIME EQUIVALENT STUDENTS, AS CALCULATED UNDER §**
18 **16-305(B)(7) OF THE EDUCATION ARTICLE FOR THE SECOND PRIOR FISCAL**
19 **YEAR, WHO ARE RESIDENTS OF THE REGION.**

20 **4. THE DIFFERENCE BETWEEN THE TOTAL**
21 **EMPLOYER CONTRIBUTION FOR LOCAL COMMUNITY COLLEGE EMPLOYEES OF**
22 **EACH COUNTY AND THE LOCAL COMMUNITY COLLEGE SHARE OF THE TOTAL**
23 **EMPLOYER CONTRIBUTIONS FOR LOCAL COMMUNITY COLLEGE EMPLOYEES OF**
24 **EACH COUNTY SHALL BE THE OBLIGATION OF THE STATE.**

25 **(II) 1. THIS SUBPARAGRAPH DOES NOT APPLY TO ANY**
26 **COUNTY WHOSE LOCAL MEDIAN LIBRARIAN EMPLOYEE SALARY IS LESS THAN**
27 **THE STATEWIDE MEDIAN LOCAL LIBRARIAN EMPLOYEE SALARY.**

28 **2. BEGINNING JULY 1, 2013, ON BEHALF OF THE**
29 **LOCAL LIBRARIAN EMPLOYEES OF EACH COUNTY, EACH COUNTY SHALL PAY**
30 **EACH FISCAL YEAR TO THE APPROPRIATE ACCUMULATION FUND AN AMOUNT**
31 **EQUAL TO OR GREATER THAN THE LOCAL LIBRARIAN SHARE OF THE TOTAL**
32 **EMPLOYER CONTRIBUTION FOR LOCAL LIBRARIAN EMPLOYEES.**

33 **3. THE DIFFERENCE BETWEEN THE TOTAL**
34 **EMPLOYER CONTRIBUTION FOR LOCAL LIBRARIAN EMPLOYEES OF EACH**
35 **COUNTY AND THE LOCAL LIBRARIAN SHARE OF THE TOTAL EMPLOYER**
36 **CONTRIBUTIONS FOR LOCAL LIBRARIAN EMPLOYEES OF EACH COUNTY SHALL**
37 **BE THE OBLIGATION OF THE STATE.**

1 (III) 1. THIS SUBPARAGRAPH DOES NOT APPLY TO ANY
2 COUNTY WHOSE LOCAL MEDIAN TEACHER EMPLOYEE SALARY IS LESS THAN THE
3 STATEWIDE MEDIAN LOCAL TEACHER EMPLOYEE SALARY.

4 2. BEGINNING JULY 1, 2013, ON BEHALF OF THE
5 LOCAL TEACHER EMPLOYEES OF EACH COUNTY, EACH COUNTY SHALL PAY EACH
6 FISCAL YEAR TO THE APPROPRIATE ACCUMULATION FUND AN AMOUNT EQUAL
7 TO OR GREATER THAN THE LOCAL TEACHER SHARE OF THE TOTAL EMPLOYER
8 CONTRIBUTION FOR LOCAL TEACHER EMPLOYEES.

9 3. THE DIFFERENCE BETWEEN THE TOTAL
10 EMPLOYER CONTRIBUTION FOR LOCAL TEACHER EMPLOYEES OF EACH COUNTY
11 AND THE LOCAL TEACHER SHARE OF THE TOTAL EMPLOYER CONTRIBUTIONS
12 FOR LOCAL TEACHER EMPLOYEES OF EACH COUNTY SHALL BE THE OBLIGATION
13 OF THE STATE.

14 (2) IN ADDITION TO ANY PAYMENTS MADE BY THE STATE UNDER
15 PARAGRAPH (1) OF THIS SUBSECTION, THE STATE SHALL PAY 100% OF THE
16 AMOUNT DETERMINED UNDER SUBSECTION (B) OF THIS SECTION FOR THOSE
17 MEMBERS OF THE TEACHERS' RETIREMENT SYSTEM OR TEACHERS' PENSION
18 SYSTEM WHO ARE:

19 (I) FACULTY, PROFESSIONAL, OR CLERICAL EMPLOYEES OF
20 BALTIMORE CITY COMMUNITY COLLEGE;

21 (II) FACULTY EMPLOYEES OF AN EDUCATIONAL
22 INSTITUTION, OTHER THAN A COMMUNITY COLLEGE, SUPPORTED BY AND
23 UNDER THE CONTROL OF THE STATE;

24 (III) STAFF EMPLOYEES OF THE UNIVERSITY SYSTEM OF
25 MARYLAND, MORGAN STATE UNIVERSITY, OR ST. MARY'S COLLEGE OF
26 MARYLAND WHO WERE MEMBERS OF THE TEACHERS' PENSION SYSTEM AS OF
27 JANUARY 1, 1998, OR WHO TRANSFERRED FROM THE TEACHERS' RETIREMENT
28 SYSTEM ON OR AFTER JANUARY 1, 1998;

29 (IV) LOCAL COMMUNITY COLLEGE EMPLOYEES OF A COUNTY
30 WHOSE LOCAL MEDIAN COMMUNITY COLLEGE EMPLOYEE SALARY IS LESS THAN
31 THE STATEWIDE MEDIAN LOCAL COMMUNITY COLLEGE EMPLOYEE SALARY;

32 (V) LOCAL LIBRARIAN EMPLOYEES OF A COUNTY WHOSE
33 LOCAL MEDIAN LIBRARIAN EMPLOYEE SALARY IS LESS THAN THE STATEWIDE
34 MEDIAN LOCAL LIBRARIAN EMPLOYEE SALARY; OR

1 **(VI) LOCAL TEACHER EMPLOYEES OF A COUNTY WHOSE**
2 **LOCAL MEDIAN TEACHER EMPLOYEE SALARY IS LESS THAN THE STATEWIDE**
3 **MEDIAN LOCAL TEACHER EMPLOYEE SALARY.**

4 **[(c)] (D)** (1) As part of each actuarial valuation, the actuary shall
5 determine the normal contributions, net of member contributions, on account of the
6 State members of each State system.

7 (2) For each State system, the normal contribution rate equals the
8 fraction that has:

9 (i) as its numerator, the sum of the normal contributions
10 determined under this subsection; and

11 (ii) as its denominator, the aggregate annual earnable
12 compensation of the State members of the State system.

13 **[(d)] (E)** (1) Beginning July 1, 2001, each year the Board of Trustees
14 shall set contribution rates for each State system that shall amortize:

15 (i) all unfunded liabilities or surpluses accrued as of June 30,
16 2000, over 20 years; and

17 (ii) any new unfunded liabilities or surpluses that have accrued
18 from July 1 of the preceding fiscal year over 25 years to reflect:

- 19 1. experience gains and losses;
- 20 2. the effect of changes in actuarial assumptions; and
- 21 3. the effect of legislation effective on or after July 1,
22 2001.

23 (2) If the accrued liability is increased by legislation that provides for
24 early retirement of State employees, the additional liability shall be funded over a
25 period of 5 years beginning on:

26 (i) July 1, 1997 for legislation effective June 1, 1996; and

27 (ii) July 1, 1998 for legislation effective June 1, 1997.

28 (3) If the accrued liability is increased by legislation effective June 1,
29 1998, that provides for the early retirement of employees of the University System of
30 Maryland who are members of the Employees' Pension System or the Employees'
31 Retirement System, the additional liability shall be determined by the actuary and

1 funded over a period of 5 years beginning on July 1, 1999 by payment of an annual
2 accrued liability contribution by the University System of Maryland and the Medical
3 System as provided in § 21-307(h) and (i) of this subtitle.

4 **[(e)] (F)** (1) When the funding ratio for the employees' systems is
5 between 90% and 110%, inclusive, the employees' system contribution rate is the rate
6 for the previous fiscal year, adjusted to reflect legislative changes that result in
7 changes in normal cost and to amortize over 25 years any actuarial liabilities of the
8 employees' systems.

9 (2) Subject to paragraph (4) of this subsection, when the funding ratio
10 for the employees' systems is below 90%, the employees' system contribution rate shall
11 be the sum of:

12 (i) the employees' system contribution rate for the previous
13 fiscal year; and

14 (ii) 20% of the difference between the preliminary funding rate
15 for the current fiscal year and the employees' system contribution rate for the previous
16 fiscal year.

17 (3) Subject to paragraph (4) of this subsection, when the funding ratio
18 for the employees' systems is above 110%, the employees' system contribution rate
19 shall be the difference between:

20 (i) the employees' system contribution rate for the previous
21 fiscal year; and

22 (ii) 20% of the difference between the employees' system
23 contribution rate for the previous fiscal year and the preliminary funding rate for the
24 current fiscal year.

25 (4) The contribution rate for the employees' systems under paragraph
26 (2) or (3) of this subsection shall be adjusted to reflect the cost or savings of legislative
27 changes that result in changes in normal contributions or accrued liabilities and to
28 amortize over 25 years any changes in accrued liabilities of the employees' systems.

29 **[(f)] (G)** (1) When the funding ratio for the teachers' systems is between
30 90% and 110%, the teachers' system contribution rate is the rate for the previous fiscal
31 year, adjusted to reflect legislative changes that result in changes in normal cost and
32 to amortize over 25 years any actuarial liabilities of the teachers' systems.

33 (2) Subject to paragraph (4) of this subsection, when the funding ratio
34 for the teachers' systems is below 90%, the teachers' system contribution rate shall be
35 the sum of:

1 (i) the teachers' system contribution rate for the previous fiscal
2 year; and

3 (ii) 20% of the difference between the preliminary funding rate
4 for the current fiscal year and the teachers' system contribution rate for the previous
5 fiscal year.

6 (3) Subject to paragraph (4) of this subsection, when the funding ratio
7 for the teachers' systems is above 110%, the teachers' system contribution rate shall be
8 the difference between:

9 (i) the teachers' system contribution rate for the previous fiscal
10 year; and

11 (ii) 20% of the difference between the teachers' system
12 contribution rate for the previous fiscal year and the preliminary funding rate for the
13 current fiscal year.

14 (4) The contribution rate for the teachers' systems under paragraph
15 (2) or (3) of this subsection shall be adjusted to reflect the cost or savings of legislative
16 changes that result in changes in normal contributions or accrued liabilities and to
17 amortize over 25 years any changes in accrued liabilities of the teachers' systems.

18 21-308.

19 (a) **(1) ON OR BEFORE APRIL 1 OF EACH YEAR, THE STATE BOARD**
20 **OF EDUCATION SHALL CERTIFY TO THE BOARD OF TRUSTEES THE FOLLOWING**
21 **INFORMATION:**

22 **(I) THE TOTAL NUMBER OF LOCAL LIBRARIAN EMPLOYEES**
23 **AND LOCAL TEACHER EMPLOYEES; AND**

24 **(II) THE NUMBER OF LOCAL LIBRARIAN EMPLOYEES AND**
25 **LOCAL TEACHER EMPLOYEES DISAGGREGATED BY COUNTY OF EMPLOYMENT.**

26 **(2) ON OR BEFORE APRIL 1 OF EACH YEAR, THE MARYLAND**
27 **HIGHER EDUCATION COMMISSION SHALL CERTIFY TO THE BOARD OF**
28 **TRUSTEES THE FOLLOWING INFORMATION:**

29 **(I) THE TOTAL NUMBER OF LOCAL COMMUNITY COLLEGE**
30 **EMPLOYEES; AND**

31 **(II) THE NUMBER OF LOCAL COMMUNITY COLLEGE**
32 **EMPLOYEES DISAGGREGATED BY COUNTY OF EMPLOYMENT.**

1 **(3) THE BOARD OF TRUSTEES SHALL USE THE INFORMATION**
 2 **PROVIDED IN PARAGRAPHS (1) AND (2) OF THIS SUBSECTION TO DETERMINE:**

3 **(I) THE LOCAL COMMUNITY COLLEGE SHARE OF THE**
 4 **TOTAL EMPLOYER CONTRIBUTION FOR LOCAL COMMUNITY COLLEGE**
 5 **EMPLOYEES;**

6 **(II) THE LOCAL LIBRARIAN SHARE OF THE TOTAL**
 7 **EMPLOYER CONTRIBUTION FOR LOCAL LIBRARIAN EMPLOYEES; AND**

8 **(III) THE LOCAL TEACHER SHARE OF THE TOTAL EMPLOYER**
 9 **CONTRIBUTION FOR LOCAL TEACHER EMPLOYEES.**

10 **[(1)] (4)** On or before December 1 of each year, the Board of Trustees
 11 shall:

12 (i) certify to the Governor and the Secretary of Budget and
 13 Management the rates to be used to determine the amounts to be paid by the State to
 14 the accumulation fund of each of the several systems during the next fiscal year; and

15 (ii) provide to the Secretary of Budget and Management a
 16 statement of the total amount to be paid to the Teachers' Retirement System and the
 17 Teachers' Pension System expressed as a percentage of the payroll of all members of
 18 those State systems **REDUCED BY THE AMOUNT OF THE FOLLOWING PAID BY**
 19 **COUNTY GOVERNMENTS UNDER § 21-304(C) OF THIS SUBTITLE:**

20 **1. THE LOCAL COMMUNITY COLLEGE SHARE OF THE**
 21 **TOTAL EMPLOYER CONTRIBUTION FOR LOCAL COMMUNITY COLLEGE**
 22 **EMPLOYEES;**

23 **2. THE LOCAL LIBRARIAN SHARE OF THE TOTAL**
 24 **EMPLOYER CONTRIBUTION FOR LOCAL LIBRARIAN EMPLOYEES; AND**

25 **3. THE LOCAL TEACHER SHARE OF THE TOTAL**
 26 **EMPLOYER CONTRIBUTION FOR LOCAL TEACHER EMPLOYEES.**

27 **[(2)] (5)** The Governor shall include in the budget bill:

28 (i) the total amount of the State's contribution to each State
 29 system as ascertained based on the rates certified by the Board of Trustees under
 30 paragraph **[(1)] (4)** of this subsection;

31 (ii) the additional amounts as ascertained under subsection (d)
 32 of this section for the State's payment to the professional and clerical employees of the
 33 Department of Public Libraries of Montgomery County who are members of the

1 Employees' Retirement System of Montgomery County and are excluded from
2 membership in the Teachers' Retirement System or the Teachers' Pension System;
3 and

4 (iii) any additional amount required to be in the budget bill
5 under § 3-501(c)(2)(ii) of this article.

6 **[(3)] (6)** The amounts that the Governor is required to include in the
7 budget bill under paragraph **[(2)] (5)** of this subsection shall be reduced by the
8 amount of administrative and operational expenses for the Board of Trustees and the
9 State Retirement Agency that are to be paid by local employers under § 21-316 of this
10 subtitle other than participating governmental units or employers who are required to
11 make contributions under § 21-307 of this subtitle.

12 **[(4)] (7)** (i) On or before December 1, 2012, and each December 1
13 thereafter, the Board of Trustees shall certify to the Governor and the Secretary of
14 Budget and Management the amount of the difference between the total amount of the
15 State's contribution required under paragraph **[(2)] (5)** of this subsection and the
16 amount that the Board determines would have been required had legislation
17 increasing employee contributions to, and reducing the liabilities of, the State
18 Retirement and Pension System not been enacted in 2011.

19 (ii) For fiscal year 2014 and each fiscal year thereafter, in
20 addition to the amounts required under paragraph **[(2)] (5)** of this subsection, the
21 Governor shall include in the budget bill the lesser of:

- 22 1. \$300,000,000; and
23 2. the amount certified under subparagraph (i) of this
24 paragraph.

25 (b) (1) (i) As to members of the several systems whose compensation is
26 paid by the State, the Comptroller shall compute the amounts to be charged to the
27 appropriation of each unit as the unit's share of retirement costs for its employees.

28 (ii) The Comptroller shall make the computation under
29 subparagraph (i) of this paragraph using the total rates of contributions as set by the
30 actuary under § 21-304 of this subtitle.

31 (2) As to members of the Teachers' Retirement System or the
32 Teachers' Pension System whose compensation is not paid by the State, on September
33 30, December 31, May 31, and April 15 of each year, the State Department of
34 Education and the Maryland Higher Education Commission shall certify to the
35 Comptroller 25% of the amount appropriated in the budget of those units for employer
36 contributions **REDUCED BY THE AMOUNT OF THE FOLLOWING PAID BY COUNTY**
37 **GOVERNMENTS UNDER § 21-304(C) OF THIS SUBTITLE:**

1 **(I) THE LOCAL COMMUNITY COLLEGE SHARE OF THE**
2 **TOTAL EMPLOYER CONTRIBUTION FOR LOCAL COMMUNITY COLLEGE**
3 **EMPLOYEES;**

4 **(II) THE LOCAL LIBRARIAN SHARE OF THE TOTAL**
5 **EMPLOYER CONTRIBUTION FOR LOCAL LIBRARIAN EMPLOYEES; AND**

6 **(III) THE LOCAL TEACHER SHARE OF THE TOTAL EMPLOYER**
7 **CONTRIBUTION FOR LOCAL TEACHER EMPLOYEES.**

8 (c) (1) As payrolls are paid, the Comptroller shall issue a warrant or
9 warrants to the State Treasurer in the amounts to be charged under subsection (b)(1)
10 of this section against the budgets of the units.

11 (2) On or before October 1, January 1, June 1, and April 16 of each
12 year, the Comptroller shall issue a warrant or warrants to the State Treasurer for the
13 amounts certified to the Comptroller under subsection (b)(2) of this section.

14 (3) On the receipt of the warrant of the Comptroller, the State
15 Treasurer immediately shall transfer to the appropriate State system the amounts
16 due.

17 (d) (1) (i) The State Superintendent of Schools shall determine the
18 amount that equals the applicable percentage as determined under subparagraph (ii)
19 of this paragraph of the payroll of the professional and clerical employees of the
20 Department of Public Libraries of Montgomery County who are members of the
21 Employees' Retirement System of Montgomery County and are excluded from
22 membership in the Teachers' Retirement System or the Teachers' Pension System.

23 (ii) The applicable percentage under subparagraph (i) of this
24 paragraph is the lesser of:

25 1. the State's contribution percentage for the Teachers'
26 Retirement System and the Teachers' Pension System, as certified by the Board of
27 Trustees; or

28 2. the percentage of the payroll of its employees that
29 Montgomery County has contributed to the Employees' Retirement System of
30 Montgomery County, as determined by an actuarial valuation.

31 (2) The amount determined under paragraph (1) of this subsection
32 shall be:

33 (i) included in the budget estimate for the Superintendent of
34 Schools;

1 (ii) certified by the State Superintendent of Schools to the State
2 Comptroller; and

3 (iii) paid to Montgomery County as provided in this subsection.

4 (3) The Comptroller shall issue a warrant or warrants to the State
5 Treasurer for the amount to be paid Montgomery County under this subsection.

6 (4) On the receipt of the warrant of the Comptroller, the State
7 Treasurer shall pay to the treasurer of Montgomery County the amount due.

8 (e) For each nonclerical and nonprofessional former Community College of
9 Baltimore employee who chose to remain a member of the Baltimore City Retirement
10 Plan, the State shall contribute annually to the Baltimore City Retirement Plan on
11 behalf of the employee an amount equal to the lesser of the contribution the State
12 would otherwise have made on behalf of each employee of the State to the Employees'
13 Pension System or the rate required for the Baltimore City Retirement Plan.

14 **21-309.1.**

15 (A) ON OR BEFORE JUNE 1 OF EACH YEAR, THE BOARD OF TRUSTEES
16 SHALL CERTIFY TO EACH COUNTY THE STATE'S NORMAL CONTRIBUTION RATE
17 AND THE STATE'S ACCRUED LIABILITY CONTRIBUTION RATE AND THE AMOUNTS
18 PAYABLE UNDER § 21-304(C) OF THIS SUBTITLE.

19 (B) (1) ON SEPTEMBER 30, DECEMBER 31, APRIL 15, AND MAY 31,
20 EACH COUNTY SHALL PAY TO THE BOARD OF TRUSTEES 25% OF THE AMOUNT
21 OF THE CHARGES CERTIFIED TO THE COUNTY BY THE BOARD OF TRUSTEES
22 UNDER SUBSECTION (A) OF THIS SECTION.

23 (2) IF A COUNTY DOES NOT PAY THE AMOUNTS CERTIFIED UNDER
24 THIS SECTION WITHIN THE TIME REQUIRED, THE COUNTY IS LIABLE FOR:

25 (I) A PENALTY OF 10% OF THE AMOUNT DUE; AND

26 (II) INTEREST ON DELINQUENT AMOUNTS AT 10% A YEAR
27 UNTIL PAYMENT.

28 (3) THE SECRETARY OF THE BOARD OF TRUSTEES MAY ALLOW A
29 GRACE PERIOD FOR PAYMENT OF THE AMOUNTS CERTIFIED UNDER THIS
30 SECTION NOT TO EXCEED 10 CALENDAR DAYS.

31 (4) ON NOTIFICATION BY THE SECRETARY OF THE BOARD OF
32 TRUSTEES THAT A DELINQUENCY EXISTS, THE COMPTROLLER IMMEDIATELY

1 SHALL EXERCISE THE RIGHT OF SETOFF AGAINST ANY MONEY DUE OR COMING
2 DUE TO THAT COUNTY FROM THE STATE.

3 (C) ON RECEIPT OF THE PAYMENTS FROM EACH COUNTY, THE BOARD
4 OF TRUSTEES SHALL CREDIT THESE AMOUNTS TO THE ACCUMULATION FUND
5 OF THE APPROPRIATE STATE SYSTEM.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 2012, and shall be applicable to all fiscal years beginning after June 30, 2013.