



Legislative Update 2011



Maryland Classified Employees Association

February 17, 2011

Call Your Legislators About These Bills!

The Maryland General Assembly is considering many bills during the 2011 legislative session. Below is a synopsis as of February 17 of key bills affecting state workers. The bill sponsor, hearing date (if available), and assigned committee are also listed. For more information on each bill, go to www.mlis.state.md.us or visit www.mlis.state.md.us/2011rs/subjects/statee.htm.

Legislative momentum is picking up, so please visit the site regularly to stay abreast of hearing dates for the bills, action on those bills, and schedules for the various department and state personnel fiscal briefings.

What's in the FY 2012 Budget?

The Governor's Budget Proposal

- Proposed budget closes deficit more than \$1.3 billion, shrinks the size of government, reforms state pension system, putting it on a path to sustainability, and includes no tax increases for Marylanders.
- With the proposed FY12 budget, total spending reductions reach \$6.6 billion and position abolishments exceed 4,700.
- Spending cuts made in the FY12 budget reduce the standing deficit by \$730 million (37%), improving the outlook for FY13 by more than \$800 million, while maintaining a healthy rainy day fund at 5% revenues.
- Balance the budget entirely with cuts, includes more than \$950 million of reductions

- Close a \$1.4 billion General fund budget shortfall and cut General fund spending by nearly \$1 billion
- Make the state pension system more sustainable
- Erase almost half the unfunded retiree health liability

FY 2012 Budget Highlights

- Maintains record operating funding of \$5.7 billion for K-12 education
- *Invest* Maryland to grow the state's knowledge-based industries by stimulating up to \$100 million in venture capital funds, creating thousands of jobs
- \$3.5 billion capital budget on job creating initiatives - State construction spending will support nearly 15,000 jobs in FY12
- Fund health care coverage for 916,000 low-income children and adults
- \$17 million to expand placements for people with developmental disabilities
- No furloughs and a \$750 bonus for State employees
- Provisions of a new, three-year contract with the State's largest employee unions that ends furloughs and provides for future cost of living adjustments and step increases
- \$1.4 billion for State facilities and capital programs
- \$1.7 billion for transportation projects
- \$15 million for the Maryland Economic Development Assistance Fund to help stimulate business growth and economic development - a 25% increase
- Total public safety budget of nearly \$2.18 billion
- \$108 million for Violence Prevention Initiatives targeting more than 2,000 of the State's most violent offenders

- \$20.3 million in law enforcement grants to target domestic violence, substance abuse, and gun trafficking
- \$10 million for public safety wireless communication system
- \$45 million in local police aid

FY 2012 Budget Reductions

- Voluntary Separation Program- 1,000 accepted applications (\$40 million)
- State Agencies (\$446 million)
- PAYGO Capital - Shift to bonds (\$197 million)
- K-12 Education Aid (\$94 million)
- Retirement reform savings (\$104 million)
- Employee/Retiree RX costs (\$28 million)
- Local aid (\$52 million)
- Medicaid payments to hospitals (\$264 million)
- Federal fund maximization (\$139 million)
- Public higher education costs (\$55 million)

Proposed Retirement Benefit Changes

- No impact on current retirees
- No impact on benefits already earned by active or former employees/teachers
- For benefits earned for service in FY12 and future years, active employees/teachers to make a one-time choice: either continue to pay 5% of salary towards retirement with adjusted benefit (1.5% benefit multiplier for each future year of service rather than current 1.8% benefit multiplier), or increase contribution to retirement from 5% to 7% of pay and continue to earn benefits at the current level (1.8% benefit multiplier for each future year of service)
- New employees/teachers will automatically be required to contribute 7% of salary and receive a 1.5% benefit multiplier. Additionally, the year of benefit vesting will move from 5 years to 10 years, early retirement age will increase from 55 to 60, and the benefit will be calculated on the highest five years of salary rather than the highest three years
- Cost of living adjustments based on investment benchmarks
- Proposed health changes will reduce unfunded retiree health liability by about \$7 billion, and 80% funding of pension system will be achieved by FY2023

HB 151 - Maryland Veterans Trust Fund - Income Tax Checkoff - Establishing an income tax checkoff system for voluntary contributions to the Maryland Veterans Trust Fund; requiring the net proceeds of contributions from the checkoff system to be distributed to the Fund; requiring the checkoff to meet specified requirements; requiring the Comptroller to collect and distribute checkoff contributions in a specified manner; etc. Ways and Means Committee, Delegates Beitzel, K. Kelly, Minnick, and Myers.

<http://mlis.state.md.us/2011rs/bills/hb/hb0151f.pdf>

HB 171 - Collective Bargaining - Independent Home Care Providers - Establishing collective bargaining rights for specified independent home care providers; providing that there may be only one appropriate bargaining unit for the providers; authorizing providers to designate an exclusive representative; requiring that procedures be governed by specified provisions of law; providing for the scope of collective bargaining; providing that specified providers are not required to pay a service fee, but are required to make a specified payment; etc. Appropriations Committee, The Speaker (By Request - Administration) and Delegates Barkley, Barnes, Clagett, Gaines, Gutierrez, Haynes, Hubbard, Nathan-Pulliam, Stukes, V. Turner, Valderrama, and Zucker.

<http://mlis.state.md.us/2011rs/bills/hb/hb0171f.pdf>

HB 176 - State Retirement and Pension System - Reemployment of Retirees - Exemptions - Reducing from 9 years to 5 years the number of years required after retirement for retirees of the Employees' Retirement or Pension System or the Teachers' Retirement or Pension System to be exempt from an earnings offset of their retirement allowance when reemployed by specified employers. Appropriations Committee, Delegate Eckardt.

<http://www.mlis.state.md.us/2011rs/bills/hb/hb0176f.pdf>

HB 249 - State Retirement and Pension System - Direct Mailings by Retiree Organizations - Repeal of Sunset Provision - Repealing the June 30, 2011 termination of provisions of law that allow retiree organizations to send direct mailings to retirees of the State Retirement and Pension System. Appropriations Committee, Delegate Proctor.

<http://mlis.state.md.us/2011rs/bills/hb/hb0249f.pdf>

HB 303 - State Retirement and Pension System - Employee Contribution Rate -

Increasing the employee contribution rate for specified members of the State Retirement and Pension System to 7% of members' earnable compensation. Appropriations Committee, Delegates Stocksdale, Bates, Boteler, and Minnick.

<http://mlis.state.md.us/2011rs/bills/hb/hb0303f.pdf>

HB 333 - State Retirement and Pension System - Administration - Simplification - Clarifying that specified employees of the Baltimore Metropolitan Council may participate in the State Employee and Retiree Health and Welfare Benefits Program; clarifying that the definition of "Social Security integration level" for purposes of calculating State Retirement and Pension System benefits applies only to members of the several systems who are eligible to receive full old age and survivors benefits provided under Title II of the federal Social Security Act; etc. Appropriations Committee, Delegate Griffith (Chair, Joint Committee on Pensions).

<http://mlis.state.md.us/2011rs/bills/hb/hb0333f.pdf>

HB 334 - State Retirement and Pension System - Completing and Submitting an Application for Service Retirement - Providing that a department head, the Secretary of State Police, or a State or county superintendent of schools may complete and submit an application for service retirement instead of disability retirement on behalf of a member of the State Retirement and Pension System who is unable to complete and submit a disability retirement application. Appropriations Committee, Delegate Griffith (Chair, Joint Committee on Pensions).

<http://mlis.state.md.us/2011rs/bills/hb/hb0334f.pdf>

HB 335 - State Retirement and Pension System - Military Service Credit - Eligibility -

Altering the criteria used to determine the eligibility of a member of the State Retirement and Pension System to receive service credit for military service so as to require 10 years of service credit in the State Retirement and Pension System through employment as a member of a State system. Appropriations Committee, Delegate Griffith (Chair, Joint Committee on Pensions).

<http://mlis.state.md.us/2011rs/bills/hb/hb0335f.pdf>

HB 338 - State Retirement and Pension System - Unclaimed Money - Former Members, Retirees, and Beneficiaries -

Authorizing the State Retirement Agency to post the names of former members, retirees, or beneficiaries of former members or retirees of the State Retirement and Pension System and the last participating employer of the former members or retirees on the State Retirement Agency's Web site if the former members, retirees, or beneficiaries are entitled to unclaimed money from the State Retirement and Pension System. Appropriations Committee, Delegate Griffith (Chair, Joint Committee on Pensions).

<http://mlis.state.md.us/2011rs/bills/hb/hb0338f.pdf>

HB 377 - Mental Hygiene Administration Facilities - Repeal of Provisions that Relate to Closed Facilities -

Repealing provisions of law in the Health - General Article that relate to Mental Hygiene Administration facilities that have closed. Chair, Health and Government Operations Committee, (By Request - Departmental - Health and Mental Hygiene).

<http://mlis.state.md.us/2011rs/bills/hb/hb0377f.pdf>

HB 381 - State Government - Furloughs and Temporary Salary Reductions

- Proposing an amendment to the Maryland Constitution that authorizes the General Assembly, for any fiscal year, to supersede specified resolutions and reduce the compensation for a member; prohibiting a specified joint resolution passed by the General Assembly from increasing General Assembly compensation; authorizing the General Assembly to alter the salaries of members at specified times; requiring the Governor to convene the General Assembly in extraordinary session under specified circumstances; etc. Hearing February 22, 2011 at 1:00 p.m. Appropriations Committee, Delegates Impallaria, Dwyer, Frank, McComas, and Wood.

<http://mlis.state.md.us/2011rs/bills/hb/hb0381f.pdf>

HB 494 - State Retirement and Pension System - Vesting and Eligibility

- Altering the eligibility requirements that specified members of the State Retirement and Pension System must meet in order to qualify for a service retirement allowance; and altering the number of years from 5 years to 10 years of service that members of the State Retirement and Pension System must accrue to vest in specified retirement and pension systems of the State Retirement and Pension System. Hearing February 22, 2011 at 1:00 p.m. Appropriations Committee, Delegate Aumann.

<http://mlis.state.md.us/2011rs/bills/hb/hb0494f.pdf>

HB 515 - State Retirement and Pension System - Military Service Credit - Reservists

- Authorizing members of the State Retirement and Pension System who are members of a reserve component of the armed forces of the United States to receive 4 months of service credit for each full year of military service as a member of a reserve component of the armed forces of the United States. Hearing February 22, 2011 at 1:00 p.m. Appropriations Committee, Delegate Kach.

<http://mlis.state.md.us/2011rs/bills/hb/hb0515f.pdf>

HB 622 - Fairness in Taxation for Retirees Act

- Including income from specified retirement plans within a subtraction modification allowed under the Maryland income tax for retired individuals who are at least 65 years old or who are disabled or whose spouse is disabled; altering the determination of the maximum annual benefit under the Social Security Act for specified purposes; applying the Act to taxable years beginning after December 31, 2010; etc. Ways and Means Committee, Delegates Krebs, Boteler, Dwyer, Eckardt, Elliott, Frank, George, Glass, Haddaway-Riccio, Hogan, Hough, Impallaria, Kramer, McComas, McDonough, McMillan, Murphy, Parrott, Schuh, Schulz, Stocksdale, Vitale, and Wood.

<http://mlis.state.md.us/2011rs/bills/hb/hb0622f.pdf>

HB 633 - Pensions - Designation of Beneficiary - Powers of Attorney

- Providing that the State Retirement Agency, Board of Trustees, and several pension systems are not subject to § 17-104 of the Estates and Trusts Article; prohibiting the State Retirement Agency from accepting forms designating a beneficiary executed under a power of attorney unless the power of attorney contains specified provisions; etc. Hearing February 22, 2011 at 1:00 p.m. Appropriations Committee, Delegate Griffith (Chair, Joint Committee on Pensions).

<http://mlis.state.md.us/2011rs/bills/hb/hb0633f.pdf>

HB 634 - State Retirement and Pension System - Reemployment Earnings Offset - Retiree Health Care Premiums

- Limiting the reemployment earnings offset for reemployed retirees of the State Retirement and Pension System to an amount not less than what is required to be deducted for the retiree's monthly State- approved medical insurance; requiring the Board of Trustees of the State Retirement and Pension System to recover from a retiree a specified amount under specified circumstances, by a specified date; etc. Hearing February 22, 2011 at 1:00 p.m. Appropriations Committee, Delegate Griffith (Chair, Joint Committee on Pensions).

<http://mlis.state.md.us/2011rs/bills/hb/hb0634f.pdf>

SB 153 - Reorganization of State Government - Consolidating the Department of the Environment into the Department of Natural Resources - Restructuring State government by the consolidation of the Department of the Environment into the Department of Natural Resources; abolishing the Department of the Environment by June 30, 2012; abolishing the positions of Secretary of the Environment and Deputy Secretary of the Environment by July 1, 2012; transferring all of the functions, powers, duties, equipment, assets, and liabilities of the Department of the Environment to the Department of Natural Resources; etc. Education Health & Environmental Affairs, Senator Colburn.

<http://mlis.state.md.us/2011rs/bills/sb/sb0153f.pdf>

SB 181 - Collective Bargaining - Independent Home Care Providers - Establishing collective bargaining rights for specified independent home care providers; providing that there may be only one appropriate bargaining unit for the providers; authorizing providers to designate an exclusive representative; requiring that procedures be governed by specified provisions of law; providing for the scope of collective bargaining; providing that specified providers are not required to pay a service fee, but are required to make a specified payment; etc. Finance Committee, The President (By Request - Administration).

<http://mlis.state.md.us/2011rs/bills/sb/sb0181f.pdf>

SB 182 - Maryland Health Benefit Exchange Act of 2011 - Establishing the Maryland Health Benefit Exchange as an independent unit of State government; establishing the purposes, powers, and duties of the Exchange; establishing the Board of Trustees of the Exchange; providing for the qualifications, appointment, term, and removal of members of the Board; establishing the powers and duties of the Board; requiring the Board to appoint an Executive Director of the Exchange, with the approval of the Governor, and to determine the Executive Director's compensation; etc. Finance & Budget & Taxation Committee, The President (By Request - Administration) and Senators Middleton, Benson, Forehand, Frosh, King, Madaleno, Manno, Montgom-

ery, Pinsky, Ramirez, Raskin, and Rosapepe.
<http://mlis.state.md.us/2011rs/bills/sb/sb0182f.pdf>

SB 183 - Health Insurance - Conformity with Federal Law - Altering the circumstances under which a person has the right to a hearing and the right to an appeal from an action of the Maryland Insurance Commissioner; providing that specified provisions of federal law apply to specified insurers, nonprofit health service plans, and health maintenance organizations; authorizing the Commissioner to enforce specified provisions of law; altering the requirement that a specified notice be sent under specified circumstances; etc. Finance Committee, The President (By Request - Administration) and Senators Middleton, Benson, Forehand, Frosh, Garagiola, King, Klausmeier, Madaleno, Manno, Mathias, Montgomery, Pinsky, Ramirez, Raskin, and Rosapepe.

<http://mlis.state.md.us/2011rs/bills/sb/sb0183f.pdf>

SB 190 - Income Tax - Military Retirement Income - Increasing the maximum amount for a subtraction modification under the State income tax for military retirement income from \$5,000 to \$10,000 of military retirement income received; providing for a delayed effective date; and applying the Act to taxable years beginning after December 31, 2012. Budget & Taxation Committee, Senators Peters, Astle, Colburn, DeGrange, Edwards, Garagiola, Glassman, Jacobs, King, Klausmeier, McFadden, Muse, Reilly, Robey, Rosapepe, Simonaire, Stone, and Young.
<http://mlis.state.md.us/2011rs/bills/sb/sb0190f.pdf>

SB 199 - State Retirement and Pension System - Direct Mailings by Retiree Organizations - Repeal of Sunset Provision - Repealing the June 30, 2011 termination of provisions of law that allow retiree organizations to send direct mailings to retirees of the State Retirement and Pension System. Budget & Taxation Committee, Senator Glassman.

<http://mlis.state.md.us/2011rs/bills/sb/sb0199f.pdf>

SB 218 - Public Safety - Law Enforcement Officers' Bill of Rights - Internal Investigation Unit - Including the Internal Investigation Unit of the Department of Public Safety and Correctional Services in the definition of law enforcement officer covered by the Law Enforcement Officers' Bill of Rights. Hearing February 17, 2011 at 1:00 p.m. Judicial Proceedings, Senator Shank.

<http://mlis.state.md.us/2011rs/bills/sb/sb0218f.pdf>

SB 222 - Procurement - Living Wage - Repeal - Repealing the provisions of law regarding the living wage for State contracts; repealing the requirement that specified employers pay specified hourly wages to employees who work on specified State contracts; etc. Finance Committee, Senators Kittleman, Colburn, Getty, Glassman, Jacobs, Jennings, Pipkin, and Shank.
<http://mlis.state.md.us/2011rs/bills/sb/sb0222f.pdf>

SB 357 - State Retirement and Pension System - Administration - Simplification - Clarifying that specified employees of the Baltimore Metropolitan Council may participate in the State Employee and Retiree Health and Welfare Benefits Program; clarifying that the definition of "Social Security integration level" for purposes of calculating State Retirement and Pension System benefits only applies to members of the several systems who are eligible to receive full old age and survivors benefits provided under Title II of the federal Social Security Act; etc. Budget & Taxation Committee, Senator Jones-Rodwell (Chair, Joint Committee on Pensions).
<http://mlis.state.md.us/2011rs/bills/sb/sb0357f.pdf>

SB 359 - State Retirement and Pension System - Unclaimed Money - Former Members, Retirees, and Beneficiaries - Authorizing the State Retirement Agency to post the names of former members, retirees, or beneficiaries of former members or retirees of the State Retirement and Pension System and the last participating employer of the former members or retirees on the State Retirement Agency's Web site if the former members, retirees, or beneficiaries are entitled to unclaimed money from the State Retirement and Pension System. Budget & Taxation Committee, Senator Jones-Rodwell (Chair, Joint Committee on Pensions).
<http://mlis.state.md.us/2011rs/bills/sb/sb0359f.pdf>

SB 360 - State Retirement and Pension System - Completing and Submitting an Application for Service Retirement - Providing that a department head, the Secretary of State Police, or a State or county superintendent of schools may complete and submit an application for service retirement instead of disability retirement on behalf of

a member of the State Retirement and Pension System who is unable to complete and submit a disability retirement application. Budget & Taxation Committee, Senator Jones-Rodwell (Chair, Joint Committee on Pensions).
<http://mlis.state.md.us/2011rs/bills/sb/sb0360f.pdf>

SB 362 - Correctional Services - Division of Parole and Probation - Supervision Fee - Requiring the Department of Public Safety and Correctional Services and the appropriate local detention center, on the release of an individual supervised by the Division of Parole and Probation, to provide the individual with an oral and a written notice relating to the application for an exemption from a specified monthly supervision fee; etc. Hearing March 8, 2011 at 1:00 p.m. Judicial Proceedings Committee, Senators Raskin and Ramirez.
<http://mlis.state.md.us/2011rs/bills/sb/sb0362f.pdf>

SB 365 - Maryland Veterans Trust Fund - Income Tax Checkoff - Establishing an income tax checkoff system for voluntary contributions to the Maryland Veterans Trust Fund; requiring the net proceeds of contributions from the checkoff system to be distributed to the Fund; requiring the checkoff to meet specified requirements; requiring the Comptroller to collect and distribute checkoff contributions in a specified manner; etc. Hearing February 23, 2011 at 1:00 p.m. Budget & Taxation Committee, Senators Peters, Astle, Brinkley, Brochin, Colburn, DeGrange, Frosh, Garagiola, Glassman, Kasemeyer, Klausmeier, Mathias, Middleton, Montgomery, Muse, Pugh, Ramirez, Raskin, Robey, and Zirkin.
<http://mlis.state.md.us/2011rs/bills/sb/sb0365f.pdf>

SB 384 Health - State Facilities and Residential Centers - Definition of Abuse and Required Guidelines for Employees - Altering specified definitions of "abuse" for purposes of specified reporting requirements by specifying that "abuse" does not include specified actions taken by specified employees; requiring the Department of Health and Mental Hygiene to develop guidelines in consultation with specified employee organizations; requiring the Department to provide a specified report to specified committees of the General Assembly on or before September 1, 2011; etc. Hearing March 2, 2011 at 1:00 p.m. Finance Committee, Senator Mathais.
<http://mlis.state.md.us/2011rs/bills/sb/sb0384f.pdf>

SB 401 - Higher Education - Use of State Employees Instead of Service Contracts

- Requiring the University System of Maryland and its constituent institutions, Morgan State University, St. Mary's College of Maryland, and Baltimore City Community College to comply with specified procurement requirements relating to service contracts. Hearing March 3, 2011 at 1:00 p.m. Education Health & Environmental Affairs Committee, Senators King, Gladden, Klausmeier, Madaleno, McFadden, Montgomery, Muse, Pinsky, Rosapepe, and Stone.

<http://mlis.state.md.us/2011rs/bills/sb/sb0401f.pdf>



SB 403 - State Retirement and Pension System - Reemployment Earnings Offset - Retiree Health Care Premiums -

Limiting the reemployment earnings offset for reemployed retirees of the State Retirement and Pension System to an amount not less than what is required to be deducted for the retiree's monthly State-approved medical insurance; requiring the Board of Trustees of the State Retirement and Pension System to recover from a retiree a specified amount under specified circumstances, by a specified date; etc. Hearing February 24, 2011 at 8:00 a.m. Budget & Taxation Committee, Senator Jones-Rodwell (Chair, Joint Committee on Pensions).

<http://mlis.state.md.us/2011rs/bills/sb/sb0403f.pdf>

SB 423 - State Lottery - Licenses - Veterans' Organizations -

Authorizing the Director of the State Lottery Agency to issue a license for not more than three lottery ticket terminals for the sale of State lottery tickets to veterans' organizations; providing that revenues from lottery ticket sales by a veterans' organization are to be used for charitable purposes and for the Maryland Veterans Trust Fund and State Lottery Fund; and requiring a veterans' organization issued a license under the Act to purchase or lease lottery ticket terminals. Hearing March 16, 2011 at 1:00 p.m. Budget & Taxation Committee, Senators Peters, Colburn, Garagiola, Glassman, Kasemeyer, Klausmeier, Mathias, Middleton, Miller, Pugh, Robey, and Zirkin.

<http://mlis.state.md.us/2011rs/bills/sb/sb0423f.pdf>