REPORT OF THE GENERAL ASSEMBLY COMPENSATION COMMISSION

ANNAPOLIS, MARYLAND
JANUARY 2014

General Assembly Compensation Commission

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THE MARYLAND GENERAL ASSEMBI
ANNAPOLIS, MARYLAND 21401-1991

GENERAL ASSEMBLY COMPENSATION COMMISSION

January 7, 2014

The Honorable Thomas V. Mike Miller, Jr.
President of the Senate

The Honorable Michael E. Busch
Speaker of the House of Delegates

Gentlemen:

On behalf of the members of the General Assembly Compensation Commission, it is my privilege to transmit to you the commission's twelfth quadrennial analysis of legislative compensation and allowances, an effort mandated by Article III, Section 15, of the Maryland Constitution.

The commission's Resolution, to be considered at the 2014 legislative session, makes the following changes from the 2010 Resolution which currently governs legislative compensation:

- The Resolution increases legislator salaries beginning in 2015. Specifically, the Resolution provides for a $1,707 annual increase for four years for all legislators except for the Presiding Officers who will receive an annual increase over the same period of $2,218.

  While this equates to a 15.7% salary increase over the four years, it is recognition that legislative salaries have remained unchanged since 2006. The increase is based on the Consumer Price Index (CPI) since the last raise plus forecasted CPI for the upcoming four years.

- The Resolution changes a reference for reimbursement of in-state lodging from the Internal Revenue Service (IRS) to the General Services Administration (GSA) and allows for the reimbursement of in-state lodging at the appropriate local rate for attendance at functions approved by the Presiding Officers that are outside of Annapolis.

- The Resolution increases the annual in-district travel allowance from $500 to $750 to reflect increases in the cost of fuel.

- The Resolution ties the maximum reimbursement for meals and lodging expenses for approved out-of-state travel to the current federal domestic per-diem rates as established by GSA and removes the approval of reimbursement in excess of those rates.

- Beginning with the next term, the Resolution aligns participation in the State health program for former legislators to coverage provided to former State employees. Former legislators currently participating in the State health program will be able to continue to do so under the terms of the previous Resolution.

- The Resolution alters membership in the legislative pension plan by making it mandatory in order to avoid potentially adverse tax consequences for retirees.

- Recognizing the significant reforms made to the State employee and teacher retirement systems in 2011, the Resolution also amends the legislative pension plan by increasing the employee contribution to 7.0% (and making a corresponding technical change); and for legislators with no creditable service prior to January 14, 2015, the normal retirement age is increased to 62 years of age and the retirement age for a reduced service retirement allowance is increased to 55 years of age (and making a corresponding technical change).

- The Resolution also amends one optional form of retirement allowance based on IRS concerns. This change has already been made in the State employee and teacher retirement systems. Additionally, the Resolution repeals two optional forms of retirement allowances that have never been elected by any previous or current members.

- Again, in recognition of the reforms made to State employee and teacher retiree health benefits in 2011, for legislators with no creditable service prior to January 14, 2015, the Resolution alters the calculation of the State subsidy of retiree health benefit from one-sixteenth (1/16) of the full State subsidy to one-twentieth (1/20) of the full State subsidy for each year of service.

All other provisions of the current Resolution are maintained in the 2014 Resolution.

While not part of the formal Resolution, based on its discussions, the commission also requests that the Department of Legislative Services and the State Retirement Agency investigate the feasibility of providing a limited military service credit under the legislative pension plan; the feasibility of allowing the transfer of service credit into the legislative pension plan; and the impact of allowing the purchase of additional service credit (air time) on the legislative pension plan. The results should be presented to the next General Assembly Compensation Commission.

The members of the compensation commission have enjoyed the opportunity to serve and would be pleased to meet with you and members of the General Assembly to discuss the commission's findings and proposals.

Respectfully,

Sean Glynn

Sean W. Glynn
Chairman

SWG/SGP/msh

Maryland General Assembly
General Assembly Compensation Commission
2013 Membership Roster

Sean W. Glynn, **Chair**

E. Steuart Chaney

Josh Greene

Kathryn Higgins

Mary C. Larkin

Ackneil M. Muldrow, II

Raymond L. Nix

Gene M. Ransom III

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Executive Summary

Pursuant to Article III, Section 15, of the Maryland Constitution, the General Assembly Compensation Commission submits its recommendations for legislative compensation and allowances during the 2015-2018 term of office. This report summarizes the compensation principles and information guiding the commission's determinations and presents the recommendations. As required by the Maryland Constitution, these recommendations have been incorporated in a resolution adopted by the commission (2014 Resolution).

The recommendations presented in the report have been guided primarily by three overarching principles. First, that the Maryland legislature is part-time, continues to be representative of a wide range of occupations and professions, and that this broad-based range of experience has long been considered an integral element of what the Maryland General Assembly represents. At the same time, much is expected of a legislator in terms of time and dedication of effort, ability to manage and determine appropriate action on multiple and complex issues, and a willingness to communicate regularly with constituents. This time commitment may come at a cost to the development of another career and the ability to easily plan for long-term goals. Second, the commission was very much cognizant that legislative salaries have remained unchanged since 2006 and other allowances have not been increased for much longer. Finally, the commission was also aware of the pension reforms enacted in 2011 that made substantial changes to the State employee and teacher pension systems. Indeed, that same legislation directed the General Assembly Compensation Commission (along with other relevant commissions) to specifically look at the legislative pension plan in the context of those reforms.

The commission's recommendations concerning compensation seek to balance these overarching principles. Although the report separately discusses recommendations pertaining to salaries, expense allowances, other benefits, and pensions, the commission asks that the recommendations be viewed as a total compensation package. As a whole, the commission believes the proposals represent a balanced approach to compensation under the principles outlined in this report.

The commission recommends the following changes to the compensation package:

- The resolution increases legislator salaries beginning in 2015. Specifically, the resolution provides for a $1,707 annual increase for four years for all legislators except for the Presiding Officers who will receive an annual increase over the same period of $2,218.

  While this equates to a 15.7% salary increase over the four years, it is recognition that legislative salaries have remained unchanged since 2006. The increase is based on the Consumer Price Index (CPI) since the last raise plus forecasted CPI for the upcoming four years.

- The resolution changes a reference for reimbursement of in-state lodging from the Internal Revenue Service (IRS) to the General Services Administration (GSA) and allows for the reimbursement of in-state lodging at the appropriate local rate for attendance at functions approved by the Presiding Officers that are outside of Annapolis.

- The resolution increases the annual in-district travel allowance from $500 to $750 to reflect increases in the cost of fuel.

- The resolution ties the maximum reimbursement for meals and lodging expenses for approved out-of-state travel to the current federal domestic per-diem rates as established by GSA and removes the approval of reimbursement in excess of those rates.

- Beginning with next term, the resolution aligns participation in the State health program for former legislators to coverage provided to former State employees. Former legislators currently participating in the State health program and current legislators who do not serve next term will be able to continue to do so under the terms of the previous resolution.

- The resolution alters membership in the legislative pension plan by making it mandatory in order to avoid potentially adverse tax consequences for retirees.

- Recognizing the significant reforms made to the State employee and teacher retirement systems in 2011, the resolution also amends the legislative pension plan by increasing the employee contribution to 7.0% (and making a corresponding technical change); for legislators with no creditable service prior to January 14, 2015, the normal retirement age is increased to 62 years of age and the retirement age for a reduced service retirement allowance is increased to 55 years of age (and making a corresponding technical change).

- The resolution also amends one optional form of retirement allowance and repeals two optional forms of retirement allowances based on IRS concerns. These changes have already been made in the State employee and teacher retirement systems.

- Again, in recognition of the reforms made to State employee and teacher retiree health benefits in 2011, for legislators with no creditable service prior to January 14, 2015, the resolution alters the calculation of the State subsidy of retiree health benefit from one-sixteenth (1/16) of the full State subsidy to one-twentieth (1/20) of the full State subsidy for each year of service.

- While not part of the formal resolution, based on its discussions, the commission also requests that the Department of Legislative Services and the State Retirement Agency investigate the feasibility of providing a limited military service credit under the legislative pension plan; the feasibility of allowing the transfer of service credit into the legislative pension plan; and the impact of allowing the purchase of air time on the legislative pension plan. The results should be presented to the next General Assembly Compensation Commission.

Outside these changes, the commission recommends that all other aspects of the 2010 Resolution currently governing legislative compensation be retained.

Chapter 1. Introduction

Prior to 1971, the State's Constitution established legislative salaries. Related allowances, including expense reimbursements and retirement benefits, were specified in statute. The salary could be changed only through a constitutional amendment ratified by the people in a general election. With the exception of a salary increase to $2,400 in 1964, the voters defeated all the constitutional amendments relating to legislative salaries proposed from 1958 to 1971.

Believing that higher and more regularly adjusted legislative compensation would assist in the modernization of the General Assembly, the 1967-1968 Constitutional Convention included a provision in the proposed new Maryland Constitution giving the legislature the power to establish legislative compensation. After the voters rejected the proposed constitution in 1968, a study group appointed to recommend amendments to the existing constitution, proposed the creation of a legislative compensation commission.

A constitutional amendment, approved by the voters in 1970, created the nine-member General Assembly Compensation Commission and specified that the commission submit salary and allowance recommendations to the legislature every four years. The commission includes five persons appointed by the Governor, two appointed by the President of the Senate, and two appointed by the Speaker of the House of Delegates. Appointees serve a four-year term. The appointments should be made by the Governor and the Presiding Officers four years in advance of the session at which the commission's recommendations are submitted. This schedule seeks to provide the commission with greater independence. Members of the General Assembly and State and local government officers and employees are not eligible for appointment to the commission.

In 1976, the compensation commission provisions of the Maryland Constitution were changed to require uniformity of legislative compensation. The modification requires that all members, except officers of the Senate and the House of Delegates, receive the same rates of compensation and retirement benefits. The 1976 amendment negated a policy, established by the 1974 commission that had required members of the General Assembly employed by the State or local governments to receive reduced compensation.

The constitutional provisions, Article III, Section 15, (**Exhibit 1**) provide that:

- the compensation commission shall submit its compensation, allowances, and pension recommendations to the General Assembly by formal resolution within 15 days after the beginning of the last regular General Assembly session in a four-year term of office. In 2014, the commission must submit its resolution proposing compensation and allowances for the 2015-2018 General Assembly term by January 22, 2014;

- rates of compensation and pensions shall be uniform for all members of the General Assembly, except that the officers of the Senate and the House of Delegates (traditionally, the President and the Speaker) may receive higher compensation;

- compensation allowances may not be less than the dollar amounts prior to the establishment of the first compensation commission in 1970;

- through a joint resolution, the General Assembly may reduce or reject, but may not increase, any item in the resolution;

- the commission's resolution, with any reductions concurred in by joint resolution of the General Assembly, has the force of law and takes effect at the beginning of the next General Assembly; and

- the provisions of each resolution govern until superseded by a subsequent resolution.

The Maryland Constitution, as interpreted by the Attorney General, gives the commission exclusive jurisdiction over salaries, meal and lodging expense allowances, travel allowances, employee benefit programs, and the legislative retirement system. This exclusive jurisdiction extends only to payments made to the legislators themselves. Most prior commissions have not dealt with legislative district office accounts which fund Annapolis and district office space, equipment, utility, communication, and legislators' staff assistance costs. The annual legislative budget process establishes the district office account funding levels.

The General Assembly Compensation Commission Resolutions of 1971, 1974, 1978, 1982, 1986, 1990, 1994, 1998, and 2002 took effect as submitted, unchanged by the legislature. In each year, joint legislative resolutions reducing or rejecting items in the commission's resolution failed to pass both houses. In 2006, changes proposed by the commission were rejected by the legislature leaving compensation and other allowances unchanged from the 2002 Resolution. In 2010, changes proposed by the commission were also rejected by the legislature. However, the legislature also added a provision concerning the forfeiture of retirement benefits.

Exhibit 2 sets forth the process and time line by which a resolution takes effect. **Exhibit 3** summarizes the commission's preceding resolutions. **Exhibit 4** provides a more detailed comparison of the proposals made by the 2010 commission and the ultimate outcome of those recommendations.

Activities in 2013

The commission met three times in 2013. A summary of the various meetings and activities of the commission is as follows:

- **November 18, 2013** – At its organizational meeting, the commission scheduled future meetings and discussed the nature of the commission's work. The commission was briefed by staff on applicable constitutional requirements and other legal issues, the legislative process pertaining to the commission's resolution, elements of the current resolution, the recommendations of the 2010 commission and the outcome of those recommendations, and the composition and workload of the Maryland legislature.

  The commission also began its briefings on legislative compensation with staff presenting information on legislative salaries in Maryland, expense allowances for Maryland legislators, other benefits available to Maryland legislators, and district office accounts.

- **December 2, 2013** – After briefing the commission on a number of follow-up items from the November 18, 2013 meeting, staff proceeded to provide information on the Legislative Pension Plan including a comparison to pension plans in other states. The commission also considered pension issues raised by the State Retirement Agency and from retired legislators concerning credit for military service and the transfer of service credit from other State retirement systems into the Legislative Pension Plan. The meeting also highlighted changes made to other State retirement systems in 2011. Language in the legislation enacting those reforms specifically asked the commission to review the Legislative Pension Plan and consider appropriate changes given the State's pension liabilities. Time was also set aside to receive testimony from the public, legislators, and other interested parties. However, no testimony was offered. A former legislator who wished to testify was unable to attend the meeting, and the Chair agreed to extend public testimony to the subsequent meeting.

- **December 16, 2013** – At its decision meeting, the commission first took public testimony from a former legislator concerning a pension issue, then debated and voted on compensation issues and requested that the staff prepare a final report incorporating the commission's recommendations and the resolution to be introduced at the 2014 session of the Maryland General Assembly.

Minutes of the first two meetings are provided in **Appendix 1**. The discussions of the decision meeting are incorporated into the text of the final report.

Chapter 2. Compensation Principles, Background Materials, and Decisions

The Commission's Framework for Decisionmaking

The commission's discussions on compensation centered on three broad themes.

The Part-time Status of Legislators

This commission recognizes, as have all past compensation commissions, that the Maryland legislature is a part-time institution, although interim work requires a substantial commitment of time and effort throughout the year. The commission considered the categorization of State legislatures adopted by the National Conference of State Legislatures (NCSL) that distinguishes between legislatures as follows:

- Full-time legislatures, where the legislative calendar and workload requires a legislator to commit the equivalent of 80% or more of a full-time job to legislative duties. Legislative salaries tend to reflect this commitment.

- Traditional or citizen legislatures, where the time commitment to legislative duties is less than 55% of a full-time job and salaries are likewise relatively modest.

- "Hybrid" legislatures, where the time commitment falls between the full-time and citizen categories. Legislative salaries are set likewise, but it would be expected that the member might need to earn additional outside income.[1]

As shown in **Exhibit 5**, Maryland is categorized by NCSL as a hybrid legislature. One of the difficulties for the commission is how to accurately measure the time that legislators devote to their legislative work. The legislative session is 90 consecutive days, and establishes a base of working time, but for many legislators their legislative responsibilities go far beyond the session. Indeed, much is expected of a legislator in terms of time and dedication of effort, ability to manage and determine appropriate action on multiple and complex issues, and a willingness to communicate regularly with constituents. This time commitment may come at a cost to the development of another career and the ability to easily plan for long-term financial goals.

While the classification system to characterize State legislatures used by NCSL is subjective, it appears reasonable when set against other measures. For example, **Exhibits 6** and **7** detail staffing levels at State legislatures. Generally speaking, states with full-time legislatures and larger states tend to have more permanent staff per legislator and a higher overall staffing

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[1] National Conference of State Legislatures. *Full-and Part-time Legislatures* (June 2009).

level (including session-only staff). Maryland falls around the national average in both measures.

Although there are some legislators in Maryland that describe themselves as full-time, as shown in **Exhibit 8**, the Maryland legislature retains a diverse membership, bringing different perspectives and experiences to the lawmaking process. In other words, it retains an important element of the truly citizen legislature, and this element has long been prized in Maryland.

In establishing the legislative compensation package, the commission was mindful not to set compensation that would change the direction of the legislature in either way. The commission was clear in its desire to attract persons with experience and ability who otherwise might not or could not run for office. The salary should be high enough to enable individuals to periodically leave their professions or businesses for legislative work. At the same time, the salary and benefit package should not promote a preponderance of full-time legislators. Yet again, the salary and benefit package should not be so low as to limit candidates to those with independent incomes. In all, a difficult balancing act.

There is no practical way to measure the influence of legislative compensation on an individual's decision to serve. Indeed, the commission expressed doubt that legislative salaries and benefits deterred individuals from, or attracted individuals to, running for office, although anecdotally examples were known where members declined to remain in office beyond one or two terms because of financial concerns. In any event, the level of candidacy for office does not seem markedly different from one term to the next, and while the level of turnover in recent elections (**Exhibit 9**) is perhaps lower overall compared to 30 years ago, the primary driver for turnover remains redistricting with higher levels of turnover typically seen after a decennial reapportionment (1974, 1982, 1994, and 2002 in that exhibit).

Certainly, the tenure of the current legislators would indicate that the legislative salary and benefits plays little role in members seeking re-election. **Exhibit 10** details the total legislative service for current Senators (assuming completion of the current term). Only 4 Senators have less than two terms of legislative service, with the average length of legislative service totaling 17.5 years. Average length of service in the Senate is boosted primarily by the extent of prior service in the House of Delegates (34 Senators having some prior House service). **Exhibit 11** provides the same data for current members of the House of Delegates (again assuming completion of the current terms). The average length of legislative service is somewhat lower but still averages 13 years.

Recent Inaction on Legislative Salaries and Benefits

The commission was very much cognizant that legislative salaries have remained unchanged since 2006 and other allowances have not been increased for much longer. In 2006, the commission did not recommend any increase, and in 2010, the recommended increase was rejected by the legislature because of the prevailing economic conditions. From the first meeting of the commission, there was general consensus that some consideration needed to be given to the lack of increase over the previous eight years.

2011 Reforms of State Employee Pensions

Chapter 397 of 2011 (the Budget Reconciliation and Financing Act of 2011) made significant changes to State employee and teacher and other retirement plans. The legislation also included specific language directing the General Assembly Compensation Commission and other appropriate salary commissions to "taking into account the sustainability of the pension systems, include specific recommendations in their respective reports concerning appropriate benefit and member contributions."

The commission fulfilled this charge not only by reviewing the Legislative Pension Plan itself, but also specifically looking at the changes made to other retirement plans and how those plans compared to the Legislative Pension Plan.

In summary, the commission's recommendations concerning compensation, seek to balance these three overarching principles. Although the report separately discusses recommendations pertaining to salaries, expense allowances, other benefits, and pensions, the commission asks that the recommendations be viewed as a total compensation package. As a whole, the commission believes that the proposals represent a balanced approach to compensation under the principles outlined in this report.

Legislative Salaries

The commission reviewed a variety of salary data in order to judge the adequacy of legislative salaries. The first point of comparison was to compare Maryland's legislative salaries with other states although it should be stressed that the duties, responsibilities, and compensation of legislators in other states are partially a function of institutional characteristics. For instance, according to NCSL, 10 states (California, Florida, Illinois, Massachusetts, Michigan, New Jersey, New York, Pennsylvania, Ohio, and Wisconsin) are considered to be full-time legislatures. Among states with part-time legislatures, session lengths vary considerably with some states meeting only every other year. **Exhibit 12** sets out comparative data as to 2013 salaries and session lengths.

Given the institutional variations and the lack of information documenting the time that legislators across the states devote to legislative business, it is difficult to precisely compare Maryland's legislative compensation with that of other states. Nonetheless, the comparison to other states shows that Maryland's legislative salary is the thirteenth highest in the nation, fourth only to Alaska, Hawaii, and Delaware in terms of non-full-time legislatures. As shown in **Exhibit 13**, which sets forth comparative salary data for state legislators across the country over recent years, the relative salary for members of the Maryland General Assembly in 2013 fell by two places from 2009. However, overall, the salary has basically retained its relative standing despite the fact that the salary has remained unchanged since 2006.

The data from Exhibit 13 shows that only eight states saw a legislative salary increase between 2009 and 2013 (Pennsylvania, Alaska, Delaware, Oregon, Idaho, Arkansas, Rhode Island, and Maine), with five states having a reduction in legislative salaries in the same period (California, Michigan, Massachusetts, Hawaii, and Florida). All of the other states, like Maryland, saw no change in legislative salaries.

A different kind of state-by-state comparison is by budget size. Among those states with budgets comparable in size to Maryland's (see **Exhibit 14**), Maryland's legislative salaries ranked the highest. In Exhibit 14, all of the other states have smaller budgets. For those 14 states with larger budgets (see **Exhibit 15**), most states have higher legislative salaries (9). However, there are some states with significantly larger budgets (notably, Texas, Florida and North Carolina) where the legislative salaries are much lower. The better predictor of legislative salary remains whether the legislature is considered full-time.

Another point of comparison is to compare State legislative salaries and salary increases with other State and local officials as well as State employees. For example, a summary of State employee and legislator salary changes since fiscal 1999 (**Exhibit 16**), shows that State employees received five general salary increases (cost-of-living adjustments (COLA)) and four merit increases in the last eight fiscal years when legislators have received no increase. Additional detail on State employee compensation (**Exhibit 17**) was also reviewed.

Exhibit 18 sets forth legislative salary increases compared to several price indices, Maryland personal income, and State employee general salary increases for the last six legislative terms of office. Prior to 2007, with the exception of the dramatic increases between 2003 and 2006 (38.1%), legislative salaries generally lagged behind Maryland personal income and State and Local Government Compensation. It also tended to lag behind the Consumer Price Index (CPI) – All Urban Consumers but outperform State employee general salary increases (although that understates overall State employee compensation as it excludes increments). Obviously, since 2007, the lack of any increase in legislative salaries results in a lag against all indices.

The salaries of selected Maryland State officials, including constitutional officers, cabinet secretaries, and judges are set forth in **Exhibit 19** for fiscal 2007 through 2014. It shows that while the salaries of constitutional officers were similarly frozen in the current term, salaries of deputy constitutional officers, judges, and most cabinet heads showed increases, some significant.

Looking at compensation at the local level, salaries for eight county councils/county commissioners are higher than that of State legislators (Carroll, Frederick, Charles, Baltimore, Howard, Prince George's, and Montgomery counties and Baltimore City), with that of Prince George's and Montgomery counties more than double the State legislative salary

(**Exhibit 20**). Legislative salaries in the six most populous counties and the Baltimore City Council have increased at widely varying rates both long-term since fiscal 2002 and in the past four years (**Exhibit 21**). As would be expected, salaries for the chief executive of those jurisdictions easily outstrip State legislative salaries (see **Exhibit 22**). Indeed, the county executives of Montgomery, Prince George's, and Howard counties plus the mayor of Baltimore City enjoy salaries above that of the Governor of Maryland, with the county executive of Baltimore County on par with the Governor. More generally, local salary increases in the current fiscal year are uneven across the State (**Exhibit 23**).

Finally, in **Exhibit 24**, median household income and per capita personal income levels for each Maryland jurisdiction are presented. For calendar 2011, the latest year for which information is available, the average per capita personal income statewide was $50,656, more than the 2013 legislative salary of $43,500. The legislative salary is actually above the average per capita income in 10 jurisdictions. Conversely, it is 60% below that of the wealthiest jurisdiction (Montgomery County). A legislative salary is also well below the statewide average median household income of $70,075 (although still higher than median household income in 5 jurisdictions), underscoring the notion that a Maryland legislative salary will typically need to be supplemented in some way by the individual member or a household family member in most parts of the State.

Salary Recommendations

In developing its recommendation concerning legislative salaries, the commission's deliberations began with a review of what might be considered the total compensation of a State legislator. **Exhibit 25** summarizes that effort, detailing not only salaries, but also based on the knowledge that most legislators choose to take health insurance benefits through the State health plan (see **Exhibit 26**), the costs and benefits associated with that health insurance plus the current retirement contribution. In addition, Exhibit 25 details the retirement benefits that accrue to a legislator based on the current legislative pension plan, again assuming that the legislator opts to take advantage of State employee retiree health benefits.

Given the general consensus that there should be some form of "catch-up" for the recent stagnation in legislative salaries, the commission first reviewed **Exhibit 27**, which provided various options for what an appropriate catch-up amount might be. The five options presented were:

- the CPI for 2007-2014 which provided for a 10.2% growth over the period;

- a calculation of the amount of take-home pay for a State employee with a starting salary of $43,500 in 2007 (also the legislative salary) over the 2007-2014 period including all general salary increases (COLAs), increments, one-time bonuses, furloughs, and increased pension contributions compared to legislative take-home pay over the same period (the State employee total salary amount was 11.2% higher);

- State employee cumulative general salary increases between 2007 and 2014 (12.0%);

- growth in Maryland personal income between 2007 and 2014 (17.7%); and

- the actual salary growth (unadjusted for reductions) for a State employee with a starting salary of $43,500 in 2007 over the 2007-2014 period (22.0%).

The commission also considered options for providing not only an increase to offset recent stagnation in legislative salaries but also provide for some future increase between 2015 and 2018. Discussion focused on **Exhibit 28** which added projected CPI growth over the 2015-2018 period (5.5%) to each of the indices noted in Exhibit 27.

After discussion as to whether to provide a catch-up amount only or to also afford some measure of future increase, on a vote of 7-2, the commission recommended increasing the legislative salaries for both legislators and the Presiding Officers by the combined amount of the CPI for 2007-2014 and projected for 2015 to 2018 with this increase allotted equally over the four-year period. This represents a $1,707 annual increase for four years for all legislators except for the Presiding Officers who will receive an annual increase over the same period of $2,218. Voting in favor of this proposal were Mr. Glynn, Mr. Greene, Ms. Higgins, Ms. Larkin, Mr. Nix, Mr. Ransom, and Mr. Terrasa; voting against were Mr. Chaney and Mr. Muldrow.

Expense Reimbursements

Other states' comparisons have less relevance for per diem expense reimbursements, which should be a function of actual costs rather than institutional characteristics or legislative workloads. Nevertheless, it is worth noting that most states have some kind of per diem or expense reimbursement allowance, and most states, like Maryland, tie those reimbursements to some external measure such as federal per diem rates.

In-state Travel

The current resolution establishes guidelines for the reimbursement of expenses incurred for food and lodging while engaged in specified legislative activities in Maryland. Legislators receive a meal allowance in the same combined amount that is allowed State employees under the standard State travel regulations ($42 per day in fiscal 2014) without having to supply receipts. Lodging reimbursements must be supported by receipts and are subject to the limits specified by the Internal Revenue Service (IRS) for Annapolis ($101 per day in 2013). Legislators may be reimbursed for expenses incurred in traveling between a member's home and place of session, meeting, or legislative function at the standard mileage rate set for State employees under the standard State travel regulations (56.5 cents per mile in fiscal 2014 through December 1, 2013, 56 cents per mile beginning on January 1, 2014).

These in-state expenses have been tied to these various external standards for some considerable time: mileage since 1975, lodging since 1995, and meals since 2003.

The resolution also provides that legislators are entitled to a $500 nonvouchered annual payment for travel within a member's district. This payment was introduced in 1987 although has remained unchanged since 2002.

Exhibit 29 provides data for fiscal 2010-2013 for regular session, special session, and interim expenses for lodging, meals, and mileage. The significant drop in lodging expenses between fiscal 2010 and 2013 is attributed to a substantial reduction in lodging rates in Annapolis and lodging utilization by legislators also generally declining (as evidenced by an increase in legislators claiming either occasional or no lodging reimbursement from fiscal 2009 to 2013, see **Exhibit 30**).

Exhibit 31 illustrates patterns of meal allowance submissions by legislators during the 2010, 2011, 2012, and 2013 sessions. This continues the pattern since the meal reimbursement was tied to the State Standard Travel Regulation in 2003: most legislators consistently request 100% of the daily limit for the entire session.

Out-of-state Travel

Under the current resolution, any legislator who wishes to be reimbursed for actual expenses incurred for registration fees, meals, lodging, and travel in attending a function outside the State must seek prior approval of the President of the Senate and the Speaker of the House. The Presiding Officers develop guidelines for out-of-state travel and may utilize Maryland's standard travel regulations to the degree applicable subject to limitations contained in the resolution. Out-of-state travel requests must be in writing and be authorized by both Presiding Officers, with the amount of reimbursement for registration fees approved in advance. The maximum reimbursement amount for meal and lodging expenses is determined by joint action of the Presiding Officers and cannot exceed $225 per day. The Presiding Officers may authorize an amount greater than $225 per day if a legislator is representing the State or traveling as part of a State delegation and the costs of the travel exceed the limit due to the nature of the travel or the high cost of meals and lodging in the out-of-state location.

The guidelines for out-of-state travel have evolved over time: the requirement for prior approval established in 1975, dollar limits on travel imposed in 1983, exceptions to the dollar limits in place since 1995, and the current $225 limit (with exceptions) in place since 2003.

Exhibit 32 provides data on the extent of out-of-state travel from fiscal 2010 to 2013 (transportation and registration costs are included to provide an overall sense of expenditures, although these costs are not part of the commission's jurisdiction). **Exhibit 33** provides more longitudinal data. Overall expenses fluctuate widely from year to year, and are primarily influenced by the location of various annual conferences that are frequently attended by legislators (*e.g.*, NCSL, Southern Legislative Conference, and Council of State Governments), as well as the willingness of the Presiding Officers to authorize out-of-state travel.

It is interesting to compare the current $225 limit with frequently used lodging and meal reimbursement rates. **Exhibit 34**, for example, provides an 18-city sample of rates under the General Services Administration (GSA) and IRS High-Low methodology. The current $225 limit is close to the GSA 18-city average; although, the need for an exception is clear for many cities.

Expense Recommendations

The commission finds that the current framework for expense reimbursements is generally appropriate. The changes recommended are primarily to expand the current framework which ties reimbursement to generally accepted external reimbursement standards. The recommended changes, which were all agreed to unanimously, are as follows:

- Changing a reference for reimbursement of in-state lodging from the IRS to GSA since the IRS no longer publishes reimbursement rates, and allowing for the reimbursement of in-state lodging at the appropriate local rate. The current provision limits reimbursement to the Annapolis rate for attendance at functions approved by the Presiding Officers that are outside of Annapolis. This change does not alter the requirements concerning when such lodging is reimbursed, it simply aligns reimbursement to the appropriate local rate which might be higher or lower depending on where the function is taking place.

- Regarding the annual in-district travel allowance, it was noted that fuel costs have risen significantly since the last increase in this allowance in 2003 and an increase from $500 to $750 was recommended.

- Concerning out-of-state travel, the commission noted that over the years, where possible, prior commissions have gradually aligned expense reimbursements to external standards. Many other states have adopted a similar stance. This stance eases the need for independent calculation of appropriate expenses and also allows for automatic adjustments within the term as those external standards change. The commission proposed to extend this approach to out-of-state travel for legislators. While retaining the current requirements for prior approval of out-of-state travel, the commission recommended that the current $225 per diem limit for meals and lodging be replaced by the most current federal domestic per diem rates as established by the U.S. General Services Administration. Given that these rates already reflect local variation, this recommendation also included the removal of the current provision allowing the Presiding Officer’s to provide written approval to exceed the maximum per diem rate.

Other Benefits Available to Active Legislators

The 2010 Resolution permits legislators to participate in benefit programs generally available to all State employees including health insurance, prescription drug plan, dental insurance, accidental death/dismemberment, term life insurance, long-term care insurance, tax sheltered spending accounts, deferred compensation programs (although no State match is available to members), Workers' Compensation coverage, and Credit Union services. Participation is in the same manner as the participation of State employees and includes payroll deductions directly relating to these programs. However, legislators may not receive State employee death benefits or paid leave and may not participate in the State's unemployment insurance program.

Amongst the other benefits enjoyed by legislators is an ability to continue to participate in the State Health Plan after they leave office. Participation required the former legislator to pay the full cost of the health insurance and a 2% administrative charge. These benefits, more commonly known as COBRA coverage, are generally available to State employees for 18 months after termination of employment (with certain exceptions). However, for former legislators, COBRA benefits are available without any time limit or until the former legislator declines to participate, becomes eligible for health insurance through another employer, or retires.

Although the origin of this indefinite COBRA coverage is unclear, it was thought to stem from the fact that a former legislator can potentially lose benefit coverage involuntarily (through the loss of an election). However, in the changing health care environment where health insurance is now more widely available and is available without consideration of pre-existing medical conditions, the commission unanimously agreed to change this COBRA coverage. Specifically,

- Beginning with the next term, the resolution aligns participation in the State health program for former legislators to coverage provided to former State employees. Former legislators currently participating in the State health program and current legislators who do not serve in the next term will be able to continue to do so under the terms of the previous resolution.

Pension Plan

Current Benefit

Under the current resolution, participation in the Legislative Pension Plan is optional. A member must accumulate 8 years of service credit in order to vest in the pension plan and thus be eligible to receive benefits. The member contribution rate is 5% of the member's salary for up to

22 years and three months. Legislative service beyond this does not earn additional retirement benefits. In addition, the member does not make any further contributions.

To receive a normal service retirement allowance from the plan, in addition to accumulating eight years of service credit, a member must also be age 60. A member may retire as early as age 50, but benefits will be reduced by 6.0% for each year the member is less than age 60 (a maximum reduction of 60.0%). The retirement allowance at age 60 equals 3% of the salary of an active legislator in a similar position for each year of service. The maximum allowance is 66.67% of the salary payable to an active legislator. Following retirement, post-retirement allowance increases are based upon increases in the salary of an active legislator.

There is a death benefit for legislators with less than eight years of service that provides to the surviving spouse, or designated beneficiary, if there is no surviving spouse, a lump-sum payment of one year's salary plus a return of member contributions with 4% interest. There is also a death benefit for legislators with eight or more years of service (vested members) or former vested members who are not yet receiving a benefit. In that case, the surviving spouse, or designated beneficiary, if there is no surviving spouse, may elect (1) the lump-sum payment of one year's salary plus a return of member contributions with 4% interest; or (2) a monthly benefit of 50% of the allowance accrued at the member's death. Payment to the surviving spouse begins at the member's death. Payment to the designated beneficiary begins at age 60 (or actuarially reduced at age 50). Finally, the surviving spouse or designated beneficiary, if no surviving spouse, of a retired legislator receives a monthly survivor benefit of 50% of the allowance accrued at the member's death. Payment to the surviving spouse begins at the member's death, while payment to a designated beneficiary begins at age 60 (or actuarially reduced at age 50).

Exhibit 35 examines demographic data regarding the membership in the Legislative Pension Plan, specifically the number, average age, and years of creditable service of active legislators in the plan. This exhibit shows that there are 185 active legislators participating in the plan (3 members have elected not to join the plan), of whom approximately 62% have served eight years or more in office and thus are vested.

Exhibit 36 presents the number, average age, average monthly benefit, and average years of service of retired legislators. The statistics show that the average monthly benefit for retirees under the current Resolution is $1,448; for beneficiaries, the average monthly benefit is $767. On average, these retirees had served as legislators for 14.3 years.

2011 Pension Reforms

As noted above, the commission was charged with reviewing the Legislative Pension Plan in the context of the significant reforms to State retirement systems provided for in Chapter 397 of 2011. **Exhibit 37** summarizes those changes. In the context of those reforms, **Exhibit 38** makes a comparison of the Legislative Pension Plan to the pension plans available to the Governor, judges, State employees, and teachers, and the State Police and other law enforcement officers. A specific example comparing the pension and the cost and benefits of retiree health benefits for a legislator and a State employee at the same salary level pre- and post-reform is summarized in **Exhibit 39**.

Legislative Pensions in Other States

Over 75% of states have legislative pension plans. Although direct comparisons are difficult to make, these other plans offer perspective in evaluating Maryland's legislative pension plan, which appears to provide relatively generous retirement benefits.

Exhibit 40 includes a state-by-state comparison of the retirement benefits accruing to legislators and the contributions or cost which a legislator must pay to be a member of the retirement plan. As indicated in Exhibit 40, Maryland's legislative pension plan ranks tenth among 37 states reporting information on their legislative pension benefits with respect to the benefits accruing to retired legislators. However, because a number of states have recently reformed their legislative pension plans, the value of the Maryland benefits ranks thirteenth overall in terms of the 42 different pension plans reviewed.

Of the states with higher benefits than Maryland's, six are considered full-time legislatures. Of part-time legislatures in the survey, Maryland ranks fourth.

As a percentage of salary, Maryland provides a retiree with 12 years of service a benefit equal to 36% of the salary of a current legislator, and a retiree with 20 years of service a benefit equal to 60% of the salary of a current legislator. For a 20-year legislator, 10 states offer benefits that equate to a higher percentage of salary than Maryland's.

In terms of relative contribution rates, **Exhibit 41** details that Maryland's current legislator contribution rate of 5% ranks sixteenth amongst those states in the survey (five states have no contribution rate, Nevada has the highest contribution rate, 15%). The Legislative Pension Plan has a relatively generous benefit multiplier of 3%, which ranks tenth (**Exhibit 42**). Other points of comparison between the Legislative Pension Plan and those in other states are detailed in **Exhibit 43.**

Pension Plan Recommendations

Based on the material presented, the commission made a series of recommendations to change the existing Legislative Pension Plan. These recommendations were driven by two factors: the need to recognize the changes made to other State retirement plans in 2011; and the importance of ensuring that the plan meets IRS guidelines. Specific changes:

- The commission recommended that participation in the Legislative Pension Plan be mandatory. This recommendation was made in the context of a concern raised by the

State Retirement Agency (SRA) about the optional nature of the Legislative Pension Plan. Specifically, that there is no time limit within which a member must opt in and a member can opt in or out multiple times. SRA has concerns that there are potentially adverse tax consequences to retirees with such an open-ended optional provision. SRA had suggested retaining the optional provision but requiring a legislator to make an irrevocable decision within six months of taking office about whether or not to join the plan. The commission considered this option, but recommended unanimously to make participation mandatory consistent with other State retirement plans. As they noted, all but three members of the current General Assembly currently participate in the plan.

- The commission recommended, again unanimously, to increase the employee pension contribution for all legislators from 5 to 7%. This change is consistent with the increase in the contribution made to the State employee and teacher and Law Enforcement Officers' retirement plans in 2011.

- Regarding service retirement eligibility and allowance, the commission first chose not to alter the vesting period of 8 years (or two full terms). Although this allows a legislator to vest after 8 years of creditable service compared to a State employee or teacher hired on or after July 1, 2011, who must have 10 years of creditable service to vest, legislators previously had a longer vesting period (8 years compared to 5 years for employees hired prior to July 1, 2011), and the commission believed that it was important to align the vesting periods with legislative terms. In that regard, the commission thought increasing the vesting period to three full terms was too great a change.

  The commission also unanimously agreed to maintain the current 3% benefit multiplier. Although the benefit multiplier was reduced for State employees and teachers hired on or after July 1, 2011, the commission opted to retain the current multiplier given the increase in the employee contribution.

  However, the commission unanimously agreed that for legislators with no creditable service prior to January 14, 2015, the normal retirement age be increased to 62 years of age and the retirement age for a reduced service retirement allowance be increased to 55 years of age. These increases are intended to broadly match in intent, if not specificity, similar increases in the retirement age for new State employees hired on or after July 1, 2011.

- In response to recommendations made by SRA, the commission unanimously proposed changes to an existing optional form of reduced retirement allowance in order to conform to current IRS regulations. Specifically, the commission recommended amending the 100% joint and survivor option (Option A) to prevent a member who elects this option from designating a non-spouse as a beneficiary, if the non-spouse is more than 10 years younger than the member. This change has already been made in other State retirement plans.

In addition the commission also recommended repealing Options B and C noting that these options have never been used, and that SRA had in any event raised issues about Option C because of IRS concerns. All of these actions were agreed to unanimously.

- The commission also concurred in a number of technical and stylistic changes.

A number of other pension proposals were considered by the commission but ultimately rejected. Specifically:

- The commission debated the provision in the Legislative Pension Plan that allows a legislator to purchase future service credit (known as buying air time) in order to vest in the system. While this provision is seldom used, it is unique to the Legislative Pension Plan. The provision allows any legislator with less than 8 years of creditable service to purchase service credit in order to reach the 8 years of creditable service needed to be able to collect a retirement allowance and be eligible for other retirement benefits. A proposal was made to eliminate this practice. It was recognized that, unlike other State employees, legislators are more likely to lose the ability to earn service credit because of losing an election. However, it was argued, that that is the nature of the electoral system and the political process into which legislators willingly insert themselves. The proposal was defeated by a vote of 6-3. Members voting against this proposal were Mr. Glynn, Mr. Greene, Ms. Larkin, Mr. Nix, Mr. Ransom, and Mr. Terrasa; those voting for were Mr. Chaney, Ms. Higgins, and Mr. Muldrow.

- The commission also discussed the feature of the Legislative Pension Plan that provides for death benefits to go to a surviving spouse and does not allow the surviving spouse to waive the right to a spousal benefit in favor of another beneficiary. Some, but not all, of the other State retirement plans do allow for a spousal waiver. A proposal was made to add a spousal waiver provision to the Legislative Pension Plan. The proposal was narrowly defeated 5-4. Members voting against the proposal were Mr. Glynn, Mr. Chaney, Ms. Higgins, Mr. Nix, and Mr. Ransom; those voting for were Mr. Greene, Ms. Larkin, Mr. Muldrow, and Mr. Terrasa.

- The commission also received testimony from a former legislator requesting consideration of a proposal that would allow legislators who have service credit in another State retirement plan but insufficient credit to receive a pension to transfer that credit into the Legislative Pension Plan. Similarly, testimony was received from another former legislator requesting that some service credit be allowed for military service (a provision recommended by the 2010 commission but rejected by the legislature).

  In general, while the commission was sympathetic to the individual legislators, there was discomfort about the potential impact of such changes on the Legislative Pension Plan. Although the plan is small and any changes would likely be financially modest in terms of the State's total pension liabilities, the sentiment of the commission was to be mindful of the charge made to it reviewing the plan as a whole in the context of the State's overall pension liabilities. Further, accepting these changes in principle would mean decisions about whether to make the change retroactively and/or prospectively, if service credit should be purchased and how to do that and so forth. Without more information about costs, the commission was uncomfortable making a definitive recommendation. Accordingly, the commission asked the Department of Legislative Services and SRA to review these two issues as well as the purchase of service credit provision (air time) and prepare a report for the next General Assembly Compensation Commission.

Other Benefits Available to Retired Legislators

Retired legislators may participate in State benefit programs available to retired State employees. Except for spending accounts and workers' compensation coverage, these programs are the same as those for active legislators.

Retired legislators qualify for the State health program subsidy if vested (8 years of service). The amount of the subsidy is 1/16 of the full State subsidy for each year of service. This means that upon reaching the normal retirement age a former legislator with 8 years of service is eligible to receive 50% of the State subsidy for health insurance. Those with 16 or more years qualify for 100% of the subsidy. Concerns about future retiree health liabilities resulted in a change in eligibility for retiree health benefits for State employees in 2011 (see previously referenced Exhibit 37). Specifically, for State employees hired on or after July 1, 2011, eligibility mirrored the new retirement allowance vesting period of 10 years (up from 5 years) and the program subsidy was reduced from 1/16 of the full State subsidy for each year of service to 1/25 of the subsidy for each year of service.

The commission believed that a similar change was warranted for retired legislators. However, mindful of the need to keep the vesting period aligned with legislative terms and the fact that a legislator can currently earn no more than 22 years and three months of creditable service, the following recommendation was considered:

- For legislators with no creditable service prior to January 14, 2015, the resolution alters the calculation of the State subsidy of retiree health benefit from one-sixteenth (1/16) of the full State subsidy to one-twentieth (1/20) of the full State subsidy for each year of service. Voting in favor of the proposal were Mr. Glynn, Mr. Chaney, Mr. Greene, Ms. Higgins, Ms. Larkin, Mr. Muldrow, Mr. Nix, and Mr. Ransom; voting against the proposal was Mr. Terrasa.

District Office Accounts

The commission does not have jurisdiction over district office accounts or other items which legislators do not receive as individuals. For information purposes, however, the commission was presented with material regarding the amount and use of district office expenses **(Exhibit 44)**, a history of district office account allowances since 1971 (**Exhibit 45**), and information on staff assistance for members of the legislature (**Exhibit 46**).

Other

During the 2010 deliberations on the resolution of the General Assembly Compensation Commission, the legislature added a new forfeiture of retirement benefits provision. The provision establishes that, under certain circumstances, a legislator can forfeit retirement benefits payable to them or the member's beneficiary. Specifically, benefits are forfeited if the member is convicted of a crime committed during the member's term of office; which is a felony or is a misdemeanor related to the member's public duties and responsibilities and involves moral turpitude for which the penalty may be incarceration. The language mirrors language in Chapter 147 of 2012 concerning the automatic removal of legislators for certain offenses, legislation that resulted in a constitutional amendment approved in 2012.

Since this provision had never been reviewed by a General Assembly Compensation Commission it was specifically brought to the attention of the current commission. The commission unanimously agreed to affirm the existing language.

Chapter 3. Section-by-section Summary of the 2014 Resolution

Salaries

Item 1A – Members

2015	$45,207
2016	46,915
2017	48,622
2018	50,330

Item 1B – President/Speaker

2015	$58,718
2016	60,935
2017	63,153
2018	65,371

Expenses

Item 2A

Lodging (In-state)	Vouchered lodging reimbursement in Annapolis subject to limits specified by the U.S. General Services Administration (GSA) rate for Annapolis (currently $101 per diem). If approved by the presiding officers, in-state lodging outside of Annapolis may be reimbursed at the appropriate local GSA rate.
Meals (In-state)	Reimbursed in accordance with standard State travel regulations ($42 total in fiscal 2014); no meal receipts required.

Item 2B

Mileage (In-state)	Reimbursed in accordance with standard State travel regulations (56 cents per mile effective January 1, 2014).

Item 2C

In-district travel	$750 annual payment.

Item 2D

Out-of-state travel	Subject to the most current published Federal General Services Administration daily per diem rates for meals and lodging.

Item 2E – Fringe Benefits – Current Legislators

Former legislators currently participating in the State health benefits program and current legislators who do not serve in the next term will be able to continue to participate in the program and remain eligible until they (1) decline to participate; (2) become eligible for health coverage through another employer; or (3) retire. For legislators joining the General Assembly on or after January 14, 2015 participation in the State health benefits program for former legislators will be aligned with that provided to former State employees.

In either case, departing legislators must pay full cost of the insurance plus a 2% administrative charge.

May participate in certain benefit programs available to State employees (*i.e.*, insurance programs, tax sheltered accounts, deferred compensation programs, credit union services, deductions for charitable contributions, workers' compensation coverage, and payroll deductions relating to these programs). May not participate in the State's unemployment insurance program or receive death benefits and paid leave.

Pension and Retirement Provisions

Item 3A

Participation	Mandatory enrollment.
Vesting	After eight years of creditable service.
Member Contribution	7.0% of annual salary, up to 22 years and three months.
Retirement Allowance	3.0% of salary of active legislator for each year of service.
Maximum Allowance	66.67% of salary payable to an active legislator.
Cost-of-living Adjustment	Benefit recalculated based on salary increases for active legislators.

Eligibility
(Members with creditable service before January 14, 2015)

Normal Retirement	Age 60 with at least eight years of service.
Early Retirement	Age 50 with at least eight years of service, actuarially reduced 6.0% for each year under age 60 (maximum reduction 60.0%).

(Members with no creditable service before January 14, 2015)

Normal Retirement	Age 62 with at least eight years of service.
Early Retirement	Age 55 with at least eight years of service, actuarially reduced 6.0% for each year under age 62 (maximum reduction 42.0%).

Survivor's Allowance/Death Benefit

Non-vested, Active Legislator	Surviving spouse, or designated beneficiary if no surviving spouse, receives lump-sum payment of one year's salary, if any, plus return of member's contributions (with interest).
Vested Active or Former Legislator	If there is no spouse and the member has designated multiple beneficiaries, then the beneficiaries share equally the lump-sum payment noted above.

	Surviving spouse, or designated beneficiary if no surviving spouse, may elect either the lump-sum payment noted above <u>or</u> a monthly benefit of 50% of allowance accrued at member's death. Payment to surviving spouse begins at member's death. Payment to designated beneficiary begins at age 60, or actuarially reduced at age 50. If there is no spouse and the member has designated multiple beneficiaries, then the beneficiaries share equally the lump-sum payment noted above.
Retired Legislator	Surviving spouse, or designated beneficiary if no surviving spouse, receives a monthly benefit of 50.0% of allowance accrued at member's death. Payment to surviving spouse begins at member's death. Payment to designated beneficiary begins at age 60, or actuarially reduced at age 50. If there is no spouse and the retiree has designated multiple beneficiaries, then the beneficiaries share equally the balance of the actuarial equivalent present value of the retiree's basic allowance computed at the time of retirement.
Basic Allowance	Provides maximum benefit to retiree based on creditable service. At the retiree's death, the spouse or designated beneficiary receives 50% of the retiree's benefit for life.
Optional Allowance	Provides reduced allowance to retiree. 100% of benefit paid to spouse or designated beneficiary for life. Unless the beneficiary is the retiree's spouse or disabled child, a designated beneficiary may not be more than 10 years younger than the retiree.
Disability Benefit	If totally disabled, a vested member receives a normal retirement allowance regardless of age.
Less Than Eight Years Service	A legislator who leaves office with less than eight years of service may: (1) withdraw member contributions; (2) pay member and State contributions to accumulate eight years; <u>or</u> (3) transfer legislative service to another State

system in which the member participates. A legislator who resigns to become a State judge is entitled to a retirement allowance regardless of years of legislative service.

Item 3B – Fringe Benefits – Retired Legislators

May participate in benefit programs available to retired State employees (*i.e.*, deferred compensation programs and credit union services).

Former legislators receiving a retirement allowance who have creditable service before January 14, 2015 qualify for State health insurance benefits and a subsidy equal to 1/16 of the full State subsidy for each year of service.

Former legislators receiving a retirement allowance who have no creditable service before January 14, 2015 qualify for State health insurance benefits and a subsidy equal to 1/20 of the full State subsidy for each year of service.

Item 4 – Forfeiture of Benefits

An individual who is a member or retiree of the plan will forfeit all legislative retirement benefits in the plan if the individual is convicted of a crime committed during the individual's term of office and the crime is: (1) a felony; or (2) a serious misdemeanor relating to the individual's public duties as a legislator. The convicted member or retiree is entitled to a return of employee contributions, plus interest, less any benefits already paid to a retiree. The benefits will be restored if the conviction is overturned.

Chapter 4. 2014 Resolution of the General Assembly Compensation Commission

2014 Resolution of the General Assembly Compensation Commission Determining the Compensation and Allowances of the Members of the General Assembly

The General Assembly Compensation Commission, pursuant to Article III, § 15 of the Maryland Constitution, adopts the following resolution determining the compensation and allowances of members of the General Assembly.

RESOLVED, That, from and after January 14, 2015, the members of the General Assembly shall be entitled to receive compensation and allowances in accordance with the items contained in this Resolution and no other compensation or allowances of any kind whatsoever.

Item 1A

Each member of the General Assembly, except the President of the Senate and the Speaker of the House of Delegates, shall receive an annual salary as follows, payable in twelve monthly installments each year:

(1) Forty-five thousand two hundred seven dollars ($45,207) during calendar year 2015;

(2) Forty-six thousand nine hundred fifteen dollars ($46,915) during calendar year 2016;

(3) Forty-eight thousand six hundred twenty-two dollars ($48,622) during calendar year 2017; and

(4) Fifty thousand three hundred thirty dollars ($50,330) for the period that includes calendar year 2018 and that portion of January 2019 preceding the commencement of the next term of office.

Item 1B

The President of the Senate and the Speaker of the House of Delegates shall each receive an annual salary as follows, payable in twelve monthly installments each year:

(1) Fifty-eight thousand seven hundred eighteen dollars ($58,718) during calendar year 2015;

(2) Sixty thousand nine hundred thirty-five dollars ($60,935) during calendar year 2016;

(3) Sixty-three thousand one hundred fifty-three dollars ($63,153) during calendar year 2017; and

(4) Sixty-five thousand three hundred seventy-one dollars ($65,371) for the period that includes calendar year 2018 and that portion of January 2019 preceding the commencement of the next term of office.

Item 2A

Each member of the General Assembly, upon presentation of an expense voucher, shall be entitled to a per diem allowance for meals and reimbursed for expenses actually incurred for lodging due to (i) attendance at regular, extended, or extraordinary sessions of the General Assembly of Maryland or scheduled committee or subcommittee meetings thereof; (ii) attendance at meetings of the Legislative Policy Committee or scheduled committee or subcommittee meetings thereof, including legislative committees created by statute; (iii) attendance at scheduled meetings of a commission, committee, joint executive/legislative committee, or task force or subcommittee thereof to which the legislator has been appointed by the Governor, the President of the Senate, or the Speaker of the House of Delegates; (iv) attendance at bill signings; or (v) attendance at official functions in Annapolis or outside Annapolis directly related to duties as a member of the General Assembly as may be approved by the President of the Senate or the Speaker of the House of Delegates. The President of the Senate and the Speaker of the House of Delegates shall establish guidelines and procedures for the determination and payment of expenses for meals and lodging, in accordance with the following policies:

(1) Requests for payment of the per diem meal allowance need not be supported by receipts;

(2) Requests for reimbursement for expenses incurred for lodging must be supported by receipts or by a billing from the facility providing the lodging and payment may be made directly to the facility;

(3) In no event shall a member be paid for meal expenses that exceed the total amount for meal expenses per day as provided in the Standard Travel Regulations of the State of Maryland, as amended from time to time by the Board of Public Works; and

(4) In no event shall a member be reimbursed for lodging expenses that exceed the most current published federal General Services Administration daily per diem rates for lodging:

(i) In Annapolis, Maryland, if the lodging occurred in Annapolis, Maryland; or

(ii) At the appropriate local rate, if the lodging occurred outside Annapolis, Maryland.

Item 2B

Each member shall be reimbursed for expenses actually incurred in traveling between the member's home and the place of a session or meeting or function described in Item 2A at the rate provided in the Standard Travel Regulations of the State of Maryland, as amended from time to time by the Board of Public Works, if the travel is by automobile. If a member travels by other means, the member will be reimbursed for actual costs, but not exceeding the mileage rate provided by the Standard Travel Regulations of the State of Maryland.

Item 2C

Each legislator shall be paid a seven hundred fifty dollar ($750) lump sum nonvouchered within district transportation allowance at the beginning of each calendar year of the term 2015, 2016, 2017, and 2018.

Item 2D

Each member who wishes to be reimbursed for expenses actually incurred for registration fees, meals, lodging and travel in attending a meeting, conference or other function outside the State that the member believes is directly related to, or will substantially enhance the performance of, the member's duties as a legislator shall request and obtain in writing the prior approval of the President of the Senate and the Speaker of the House of Delegates. The request for approval shall indicate the basis for the request for reimbursement, the estimated amount of reimbursable expenses and such other information as may be reasonably necessary to determine the appropriateness of reimbursement. The President of the Senate and the Speaker of the House of Delegates shall develop guidelines for reimbursement of out-of-state travel and other expenses. In developing these guidelines the President of the Senate and the Speaker of the House of Delegates may utilize the provisions of the Standard Travel Regulations of the State of Maryland to the degree applicable, except that the following policies shall be observed:

(1) The amount of any reimbursement for registration fees, as well as attendance at the particular function, must be approved in advance by the President of the Senate and the Speaker of the House of Delegates;

(2) The maximum amount of reimbursement available for actual expenses incurred for meals and lodging on any trip shall be determined by the joint action of the President of the Senate and the Speaker of the House of Delegates in connection with approval of each request, provided that in no event shall a member be reimbursed for meals and lodging expenses combined that exceed the most current published federal General Services Administration daily per diem rates for meals and lodging; and

(3) Copies of all requests for approval, all written approvals and disapprovals, and all requests for actual reimbursement shall be maintained in a central file in the Finance and Administrative Services Office of the Department of Legislative Services and kept available for public inspection upon request for a period of at least five (5) years.

Item 2E

(1) Legislators may participate in benefit programs generally available to State employees, including health programs, insurance programs, tax sheltered accounts, deferred compensation programs, credit union services, deductions for charitable purposes, workers' compensation coverage, and payroll deductions relating to these programs. Participation in these programs shall be in the same manner as the participation of State employees. Additional benefits programs authorized for State employees during a legislative term of office may not be made available to legislators until the beginning of the next term, at which time they shall be fully available unless prohibited elsewhere in this Resolution. Legislators may not receive State employee death benefits, paid leave, or payroll deductions other than those associated with the items authorized by this Resolution. Legislators may not participate in the State's unemployment insurance program, including those former legislators who have been unseated by the elective process.

(2) (i) A legislator who leaves the General Assembly before January 14, 2015, may continue to participate in the State health program until the former legislator declines to participate in the program, becomes eligible for health insurance coverage through another employer, or retires.

(ii) A legislator who leaves the General Assembly on or after January 14, 2015, may continue to participate in the State health program in the same manner as State employees, in accordance with the most current State of Maryland Health Benefits Guide.

(iii) Former legislators electing to participate in the State health insurance program must pay the full cost of the insurance, which includes the individual's contribution and the State subsidy and an administrative charge not exceeding 2%.

Item 3A

1. Definitions.

(a) In general. In this Item 3A of this Resolution, the following words have the meanings indicated.

(b) Accumulated contributions.

(1) "Accumulated contributions" means the amounts credited to a member's individual account in the annuity savings fund of the Employees' Retirement System for the Legislative Pension Plan.

(2) "Accumulated contributions" includes member contributions plus regular interest.

(c) Allowance. "Allowance" means a benefit that is payable in equal monthly installments for the life of the recipient, except as otherwise provided for an optional form of a benefit under § 12 of this Item 3A.

(d) Beneficiary. "Beneficiary" means an individual other than a retiree in receipt of a benefit under this Item 3A.

(e) Board of Trustees. "Board of Trustees" means the Board of Trustees for the State Retirement and Pension System established under § 21-103 of the State Personnel and Pensions Article.

(f) Creditable service. "Creditable service" means the service credit described in § 6(a) of this Item 3A.

(g) Designated beneficiary. "Designated beneficiary" means an individual named as the beneficiary by a participant in an acknowledged written designation filed with the Board of Trustees.

(h) Eligible presiding officer. "Eligible presiding officer" means a legislator who served as a presiding officer:

(1) At the time of termination of the legislator's term of service; or

(2) For at least 1 year during the legislator's term of service.

(i) Medical board. "Medical board" means a board of physicians established under § 21-126 of the State Personnel and Pensions Article.

(j) Member. "Member" means:

(1) A legislator who is a member of the Legislative Pension Plan during the legislator's term of office; and

(2) A former legislator who:

(i) Was a member of the Legislative Pension Plan during the legislator's term of office;

(ii) Has not withdrawn the member's accumulated contributions; and

(iii) Is not currently receiving a retirement allowance.

(k) Member contribution. "Member contribution" means:

(1) A contribution that is deducted from a member's salary as required by § 5 of this Item 3A; and

(2) An employer pickup contribution.

(l) Participant. "Participant" means a member or a retiree.

(m) Presiding officer. "Presiding officer" means the President of the Senate or the Speaker of the House of Delegates.

(n) Regular interest. "Regular interest" means interest at the rate being paid by the Board of Trustees to members of the Employees' Retirement System compounded annually.

(o) Resolution. "Resolution" means the Resolution of the General Assembly Compensation Commission effective January 14, 2015.

(p) Retiree. "Retiree" means an individual who is eligible for retirement and has applied to receive a retirement allowance.

(q) Retirement allowance. "Retirement allowance" means the allowance payable to a retiree.

(r) State system. "State system" means a retirement or pension system other than the Legislative Pension Plan that is included in the State Retirement and Pension System under § 21-102 of the State Personnel and Pensions Article.

(s) Statutory pension plan. "Statutory pension plan" means the pension plan established as of July 1, 1966, for an individual appointed or elected to the General Assembly before January 1, 1971, who elected to participate in the plan in accordance with the provisions of former Article 73B, § 11(13), which were transferred to the Session Laws by Chapter 131, § 5(3) of the Acts of 1992.

(t) Survivor allowance. "Survivor allowance" means the allowance payable by the Board of Trustees on the death of a participant.

(u) Year of service. "Year of service" means a year or fraction thereof during which a member serves as a legislator in the General Assembly and for which contributions are made at the prescribed rate.

2. Legislative Pension Plan – Established.

The Legislative Pension Plan is established as of January 13, 1971.

3. Administration; Funding.

(a) Administration. The Board of Trustees shall:

(1) Administer the Legislative Pension Plan in accordance with the provisions of this Item 3A;

(2) Credit the assets of the Legislative Pension Plan to the annuity savings fund, the accumulation fund, and the expense fund of the Employees' Retirement System according to the purpose for which they are held pursuant to the provisions of Title 21, Subtitle 3 of the State Personnel and Pensions Article; and

(3) Manage and invest the funds of the Legislative Pension Plan in accordance with the provisions of Title 21 of the State Personnel and Pensions Article.

(b) Funding.

(1) Each fiscal year, on behalf of the members of the Legislative Pension Plan, the State shall ascertain and pay to the accumulation fund of the Employees' Retirement System for the Legislative Pension Plan the amount determined by the actuary pursuant to the provisions of §§ 21-304 and 21-308 of the State Personnel and Pensions Article that is an amount sufficient to fund the benefits payable on a sound actuarial basis.

(2) For the purpose of making the calculations required under this subsection, the Legislative Pension Plan shall be combined with the Employees' Retirement System and the Employees' Pension System.

(3) Each fiscal year, at a minimum, the State shall pay at least an amount that is sufficient to provide the benefits payable under this Item 3A during the fiscal year.

4. Membership.

Membership in the Legislative Pension Plan is mandatory for each member of the General Assembly during the 2015-2018 term of office.

5. Member contributions.

(a) In general. Except as provided in subsection (b) of this section, each member of the Legislative Pension Plan shall contribute an amount equal to 7% of the member's annual salary.

(b) Exceptions.

(1) Subject to paragraph (2) of this subsection, a member does not make any further contributions after 22 years and 3 months of creditable service.

(2) If the member elects to receive a retirement allowance under § 8(e)(2) of this Item 3A, a member shall contribute an amount equal to 7% of the member's annual salary until the member accrues the maximum retirement allowance payable under § 8(e)(2) of this Item 3A.

(c) Payment of member contributions. The member contribution shall be deducted proportionately from the member's salary each pay period and credited to the member's individual account in the annuity savings fund of the Employees' Retirement System for the Legislative Pension Plan.

6. Service credit.

(a) Creditable service. Creditable service at retirement on which the allowance of a retiree is based shall consist of the sum of:

(1) Membership service credit; and

(2) Service credit purchased under this section.

(b) Membership service credit.

(1) A legislator shall earn membership service credit for each year of service the legislator makes contributions at the prescribed rate and is a member of the Legislative Pension Plan or the statutory pension plan.

(2) Years of service need not be consecutive.

(3) On or after January 8, 1975, a member shall receive 1 year of membership service credit if:

(i) The member is employed on a full-time basis by the State or a political subdivision of the State in nonlegislative employment;

(ii) The member is compensated by the State or a political subdivision of the State for the nonlegislative employment;

(iii) The member has taken a leave of absence from the nonlegislative employment while serving as a legislator; and

(iv) The member is not receiving credit in another retirement system supported wholly or in part by the State for the period of the member's absence from the nonlegislative employment.

(c) One-time purchase of service credit.

A member who is serving in the General Assembly shall have one opportunity to purchase service credit for all previous legislative service, including legislative service from previous terms of office, by paying to the Board of Trustees an amount equal to 5% of the salary payable to the legislator during the years of service to be purchased plus regular interest thereon.

(d) Purchase of credit if less than 8 years of creditable service.

A member may purchase service credit in the Legislative Pension Plan so that the amount of the creditable service of the member aggregates not more than 8 years if the member:

(1) Has less than 8 years of creditable service in the Legislative Pension Plan; and

(2) Pays to the Board of Trustees an amount equal to the sum of:

(i) 7% of the annual salary payable to a legislator during the years of service to be purchased; and

(ii) The contributions payable by the State with respect to the salary of a legislator during the years of service to be purchased.

7. Service retirement allowance – No service prior to January 1, 1971.

(a) Application of section. This section applies only to a member who has no creditable service before January 1, 1971.

(b) Eligibility for retirement. Except as provided in subsection (c) of this section, a member may retire if on or before the date of retirement, the member:

(1) Is not currently serving in the General Assembly;

(2) Has at least 8 years of creditable service;

(3) (i) Has creditable service before January 14, 2015, and has attained age 60; or

(ii) Has no creditable service before January 14, 2015, and has attained age 62; and

(4) Completes and submits an application for retirement to the Board of Trustees stating the date on which the member desires to retire.

(c) Exception for member who joins the Judges' Retirement System. A member who resigns from the General Assembly prior to the expiration of the member's term of office to accept a position requiring membership in the Judges' Retirement System is entitled to a retirement allowance under this Item 3A regardless of years of service.

(d) Service retirement allowance – In general. Except as provided in subsection (e) of this section, on retirement, a member shall receive a service retirement allowance equal to 3% of the salary payable to a current legislator in the General Assembly multiplied times the number of years of creditable service of the member, but in no event shall the retirement allowance exceed two-thirds of the salary payable to a current legislator in the General Assembly.

(e) Same – Eligible presiding officer. If the member served as an eligible presiding officer, the Board of Trustees shall use the salary payable to the current presiding officer to calculate the member's retirement allowance, but in no event shall the retirement allowance exceed two-thirds of the salary payable to a current presiding officer in the General Assembly.

8. Service retirement allowance – Service before January 1, 1971.

(a) Application of section. This section applies only to a member who has creditable service before January 1, 1971.

(b) Eligibility for retirement. Except as provided in subsection (c) of this section, a member may retire if on or before the date of retirement, the member:

(1) Is not currently serving in the General Assembly;

(2) Has at least 8 years of creditable service;

(3) (i) Elects to receive a service retirement allowance under subsection (d) of this section and has attained age 60; or

(ii) Elects to receive a retirement allowance under subsection (e) of this section and has attained age 55; and

(4) Completes and submits an application for retirement to the Board of Trustees stating the date on which the member desires to retire.

(c) Exception for member who joins the Judges' Retirement System. A member who resigns from the General Assembly prior to the expiration of the member's term of office to accept a position requiring membership in the Judges' Retirement System is entitled to a retirement allowance under this Item 3A regardless of years of service.

(d) Service retirement allowance – In general. Except as provided in subsection (e) of this section, on retirement, a member shall receive a retirement allowance computed as set forth in § 7(d) of this Item 3A for all years of creditable service.

(e) Same – Alternate elections.

(1) Instead of the service retirement allowance provided in subsection (d) of this section, at retirement, a member may elect to receive a service retirement allowance to be paid as provided in either paragraph (2) or (3) of this subsection, but subject to the limitations set forth in paragraph (4) of this subsection.

(2) A member may elect to receive a service retirement allowance equal to the sum of:

(i) The benefit payable with respect to the member's creditable service prior to January 1, 1971, computed at the rates and otherwise in accordance with the statutory pension plan, commencing at the time provided in the statutory pension plan and based on the member's highest annual earnable compensation as a member of the General Assembly prior to January 1, 1971; and

(ii) The benefit payable with respect to the member's creditable service after January 1, 1971, computed as set forth in § 7(d) of this Item 3A and commencing at age 60.

(3) A member may elect to receive a service retirement allowance computed with respect to all of the member's creditable service, computed at the rates and otherwise in accordance with the statutory pension plan, commencing at the time provided in the statutory pension plan and based upon the member's highest annual earnable compensation as a member of the General Assembly prior to January 1, 1971.

(4) (i) Unless the member served as an eligible presiding officer, the service retirement allowance payable under paragraph (2) of this subsection may not exceed two-thirds of the salary payable to a current legislator in the General Assembly. If the member served as an eligible presiding officer, the service retirement allowance may not exceed two-thirds of the salary currently payable to a presiding officer.

(ii) A member may receive the service retirement allowance payable under paragraph (3) of this subsection if the member files a written notice of the election with the Board of Trustees.

9. Reduced service retirement allowance.

(a) Eligibility for retirement. A member may retire with a reduced service retirement allowance if the member:

(1) Is not currently serving in the General Assembly;

(2) Has at least 8 years of creditable service;

(3) (i) Has creditable service before January 14, 2015, and is at least 50 years of age but has not attained 60 years of age; or

(ii) Has no creditable service before January 14, 2015, and is at least 55 years of age but has not attained 62 years of age; and

(4) Completes and submits an application for retirement to the Board of Trustees:

(i) Stating the date on which the member desires to retire; and

(ii) Electing to receive a reduced service retirement allowance instead of the service retirement allowance payable under § 7 or § 8 of this Item 3A.

(b) Reduced service retirement allowance. On retirement under this section, a member shall receive a reduced service retirement allowance equal to the service retirement allowance or portion thereof computed under § 7 or § 8(d) or (e)(2)(ii) of this Item 3A on the basis of the member's creditable service and current annual salary, reduced by 0.5% for each month by which the member's early retirement date precedes the date the member:

(1) Attains age 60, if the member has creditable service before January 14, 2015; or

(2) Attains age 62, if the member has no creditable service before January 14, 2015.

10. Disability retirement allowance.

(a) Definition. In this section, "disabled" means the member is mentally or physically incapacitated for the further performance of duty as a legislator and the incapacity is likely to be permanent.

(b) Eligibility for disability retirement. A member who is currently serving in the General Assembly is eligible to receive a disability retirement allowance if:

(1) The member has at least 8 years of creditable service regardless of age;

(2) The medical board has certified that the member is disabled; and

(3) The member completes and submits an application for retirement to the Board of Trustees stating the date on which the member desires to retire.

(c) Disability retirement allowance. A member shall receive a disability retirement allowance computed as set forth in § 7(d) of this Item 3A for all years of creditable service.

11. Survivor allowance payable on death of retiree.

(a) Survivor allowance. On the death of a retiree, the Board of Trustees shall pay a survivor allowance equal to one-half of the retirement allowance that would be payable to the retiree if the retiree were living and continuing to receive a retirement allowance:

(1) To the retiree's surviving spouse for life, commencing on the date of the retiree's death; or

(2) If there is no surviving spouse, to the designated beneficiary for life, commencing:

(i) On the retiree's death, if the designated beneficiary is then at least age 60;

(ii) When the designated beneficiary attains age 60, if the designated beneficiary has not attained 60 years of age on the retiree's death; or

(iii) At any time after the designated beneficiary attains age 50 but before the designated beneficiary attains age 60, if the designated beneficiary makes the election set forth in subsection (b) of this section.

(b) Election to receive reduced survivor allowance.

(1) Instead of the survivor allowance payable to the designated beneficiary on attaining age 60, the designated beneficiary may elect to receive a reduced survivor allowance commencing at any time after the designated beneficiary attains age 50 if the designated beneficiary completes and submits an application for a reduced survivor allowance stating the date on which the designated beneficiary desires to receive the reduced survivor allowance.

(2) The reduced survivor allowance is an amount equal to one-half of the retirement allowance that would be payable to the retiree if the retiree were living and eligible to receive a retirement allowance, reduced by 0.5% for each month by which the designated beneficiary's age precedes the date the designated beneficiary attains age 60.

(c) (1) If a retiree has designated more than one beneficiary and dies before receiving payments equal to the actuarial equivalent present value of the retiree's basic allowance computed at the time of retirement, the Board of Trustees shall pay the balance as a single payment to the retiree's designated beneficiaries in equal shares.

(2) Benefits will not be paid under this subsection if the retiree has a surviving spouse at the time of death.

12. Optional Allowances.

(a) In general. Instead of the retirement allowance and survivor allowance provided under this Item 3A, at retirement, a member may elect an optional allowance set forth in subsection (c) of this section.

(b) Optional requirement.

(1) The optional allowance shall be certified by the actuary for the Board of Trustees to be of equivalent actuarial value to the allowance payable to the retiree and the retiree's beneficiary.

(2) For an optional form of allowance providing for payment to a designated beneficiary for life, the designated beneficiary must be an individual.

(3) If a member elects the optional allowance under subsection (c) of this section and designates a beneficiary other than the member's spouse or disabled child as defined under § 72(m)(7) of the Internal Revenue Code, a member may not designate a beneficiary who is more than 10 years younger than the member.

(c) Description of the optional allowance.

The optional allowance is a level payment plan. Under the optional allowance, when the retiree dies, the Board of Trustees shall pay the retiree's reduced allowance:

(1) To the retiree's surviving spouse for life; or

(2) If there is no surviving spouse, to the retiree's designated beneficiary for the designated beneficiary's life.

13. Designated beneficiary.

(a) Right to designate beneficiary. A participant may name a designated beneficiary or beneficiaries to receive the benefits payable on the death of a participant under this Item 3A if the participant's spouse is not living at the time of the participant's death.

(b) Designation of beneficiary void. If a participant dies and is survived by a spouse, the participant's designation of a beneficiary or beneficiaries shall be void and of no effect.

(c) Change of designated beneficiary. A participant may change the designated beneficiary by:

(1) Completing an acknowledged written designation form; and

(2) Filing the designation of beneficiary form with the Board of Trustees.

(d) Recomputation of allowance. If a retiree changes a designated beneficiary, the Board of Trustees shall recompute the allowance based on the value of the balance in the retiree's reserves when the change is made.

14. Adjustment of allowances.

(a) Application of section. This section does not apply to all or any portion of a retirement allowance or a survivor allowance that is computed in accordance with the statutory pension plan.

(b) Adjustment of allowances – In general. Except as provided in § 8 of this Item 3A, as of the date the salary of a current legislator in the General Assembly is increased, the Board of Trustees shall recompute a retirement allowance or a survivor allowance under this Item 3A on the basis of the service retirement allowance as provided under this Item 3A and the annual salary payable to a current legislator in the General Assembly.

(c) Same – Eligible presiding officer.

(1) This subsection applies to a retiree who served as an eligible presiding officer or a beneficiary of an eligible presiding officer.

(2) As of the date the salary of a current presiding officer is increased, the Board of Trustees shall recompute a retirement allowance or a survivor allowance under this Item 3A on the basis of the annual salary payable to a current presiding officer.

15. Effect of employment of retiree.

(a) Subject to subsection (b) of this section, beginning January 9, 1991, a retiree who is receiving a retirement allowance may accept employment with the State as an employee or an elected or appointed official without any reduction in the retiree's retirement allowance.

(b) If a retiree who is receiving a retirement allowance becomes a member of the General Assembly:

(1) The retiree's retirement shall be canceled;

(2) The retirement allowance payments shall terminate after the last day of the month preceding the date of return to service as a legislator;

(3) All previous creditable service shall be restored to the account of the member; and

(4) The member shall be credited with membership service credit during the period the retiree is a member of the General Assembly.

16. Benefit – Death of member with at least 8 years of service.

(a) Application of section. This section applies only on the death of a member who has at least 8 years of creditable service.

(b) Lump-sum death benefit.

(1) Except as provided in subsection (c) of this section, on the death of a member, the Board of Trustees shall pay to the member's surviving spouse, or if there is no surviving spouse, to the member's designated beneficiary or beneficiaries a lump-sum death benefit consisting of the sum of:

(i) The member's accumulated contributions; and

(ii) An amount equal to the member's annual salary, if any, at the time of death.

(2) If a member has designated more than one beneficiary, the lump-sum death benefit provided in paragraph (1) of this subsection shall be divided equally among the beneficiaries.

(c) Election to receive survivor allowance.

(1) Instead of the lump-sum death benefit payable under subsection (b) of this section, the member's surviving spouse or, if the member is not survived by a spouse, the designated beneficiary may elect to receive a survivor allowance equal to one-half the retirement allowance that would be payable to the member if the member were living and eligible to receive a retirement allowance. The Board of Trustees shall pay the survivor allowance:

(i) To the member's surviving spouse for life, commencing on the date of the member's death; or

(ii) If there is no surviving spouse, to the designated beneficiary for life, commencing:

1. On the member's death, if the designated beneficiary is then at least age 60;

2. When the designated beneficiary attains age 60, if the designated beneficiary has not attained 60 years of age on the member's death; or

3. At any time after the designated beneficiary attains age 50 but before the designated beneficiary attains age 60, if the designated beneficiary makes the election set forth in subsection (d) of this section.

(2) If a member has designated more than one beneficiary, the multiple beneficiaries may not elect to receive the survivor allowance provided in paragraph (1) of this subsection.

(d) Election to receive reduced survivor allowance.

(1) Instead of the survivor allowance payable to the designated beneficiary on attaining age 60, the designated beneficiary may elect to receive a reduced survivor allowance commencing at any time after the designated beneficiary attains age 50 if the designated beneficiary completes and submits an application for a reduced survivor allowance stating the date on which the designated beneficiary desires to receive the reduced survivor allowance.

(2) The reduced survivor allowance is an amount equal to one-half the retirement allowance that would be payable to the member if the member were living and eligible to receive a retirement allowance, reduced by 0.5% for each month by which the designated beneficiary's age precedes the date the designated beneficiary attains age 60.

(e) Death benefit for minor children.

(1) This section applies only to a member who dies while serving as a legislator in the General Assembly.

(2) Except as provided in paragraph (3) of this subsection, the Board of Trustees shall pay the lump-sum death benefit payable under subsection (b) of this section in equal shares to each child who has not attained the age of 18, if on the member's death, the member:

(i) Is survived by a child or children under the age of 18 years; and

(ii) Is deemed to have died contemporaneously with the member's spouse or as a result of the same occurrence.

(3) (i) Instead of the lump-sum death benefit payable under paragraph (2) of this subsection, the member's children who have not attained age 18 may elect to receive the survivor allowance that would have been paid to the surviving spouse under subsection (c)(1) of this section had the member's spouse survived the member. The survivor allowance is payable to the member's children as of the date of the member's death.

(ii) If the Board of Trustees pays the survivor allowance to more than one child, the Board of Trustees shall divide the allowance equally among the children who are under the age of 18 years.

(iii) The survivor allowance shall be payable to each child until that child attains age 18.

17. Benefit – Death of member with less than 8 years of service.

(a) Application of section. This section applies only on the death of a member who:

(1) Is currently serving in the General Assembly; and

(2) Has less than 8 years of creditable service.

(b) Lump-sum death benefit.

(1) On the death of a member, the Board of Trustees shall pay a lump-sum death benefit consisting of the sum of the member's accumulated contributions and an amount equal to the member's annual salary at the time of death:

(i) To the member's surviving spouse, unless the member is survived by a child under the age of 18 years and the member is deemed to have died contemporaneously with the member's spouse or as a result of the same occurrence, in which case, in equal shares, to each child who has not attained the age of 18; or

(ii) If there is no surviving spouse, to the member's designated beneficiary or beneficiaries.

(2) If a member has designated more than one beneficiary, the lump-sum death benefit provided in paragraph (1) of this subsection shall be divided equally among the beneficiaries.

18. Death of member – No beneficiary.

On the death of a member who is not survived by a spouse, a designated beneficiary, or a child who is eligible to receive a benefit under § 16 or § 17 of this Item 3A, the Board of Trustees shall pay the member's accumulated contributions to the estate of the member.

19. Termination of rights in Plan.

At any time after termination of service as a legislator but prior to receiving a retirement allowance, a member may elect to withdraw the member's accumulated contributions by completing an application for refund of contributions and submitting the application to the Board of Trustees. A member who withdraws accumulated contributions does not have any further rights under the Legislative Pension Plan.

20. Transfer of credit.

(a) In general. Except as provided in subsection (b) of this section, creditable service earned as a member of the Legislative Pension Plan qualifies for benefits under the Legislative Pension Plan and no other system or plan administered by the Board of Trustees.

(b) Exception. Prior to retirement, a member may elect to transfer creditable service in the Legislative Pension Plan and the member's accumulated contributions to the State system in which the member participates, if the member:

(1) Has less than 8 years of creditable service in the Legislative Pension Plan; or

(2) Earned the creditable service for years of service in the Legislative Pension Plan if any of the years of service occurred on or before January 8, 1975.

(c) Effect of transfer of creditable service. A member who is eligible to transfer creditable service to another State system and who makes the election to transfer shall withdraw the member's accumulated contributions.

21. Miscellaneous Provisions.

(a) Receipt of retirement allowance from another State system. A retiree who is receiving a retirement allowance from another State system may receive a retirement allowance from the Legislative Pension Plan if the years of service in the Legislative Pension Plan do not overlap with the years of service in the State system.

(b) Average final compensation. As of January 8, 1975, the annual salary payable to a member while serving as a legislator may not be added to the earnable compensation payable by the State or a political subdivision of the State to determine the member's average final compensation in a State system in which the member participates.

(c) Applicability. Except as otherwise provided herein, this Item 3A (including the calculation for the retirement allowance and the survivor's allowance) applies to:

(1) A legislator who is a member of the Legislative Pension Plan during the legislator's term of office;

(2) A former legislator who:

(a) Was a member of the Legislative Pension Plan during the legislator's term of office;

(b) Has not withdrawn the member's accumulated contributions; and

(c) Is not currently receiving a retirement allowance; and

(3) A retiree.

<u>Item 3B</u>

(a) Former legislators regularly receiving a retirement allowance may participate in benefit programs available to retired State employees, including health programs, deferred compensation programs, and credit union services. Should additional benefit programs be authorized for retired State employees, such benefits may be made available to retired legislators with the approval of the presiding officers. Except as provided in subsections (b) and (c) of this section, participation in these programs shall be in the same manner as the participation of retired State employees.

(b) Former legislators receiving a retirement allowance who have creditable service before January 14, 2015, and have at least eight (8) years' service shall qualify for a State health program subsidy equal to one-sixteenth (1/16) of the full State subsidy for each year of service.

(c) Former legislators receiving a retirement allowance who have no creditable service before January 14, 2015, and have at least eight (8) years' service shall qualify for a State health program subsidy equal to one-twentieth (1/20) of the full State subsidy for each year of service.

<u>Item 4</u>

(a) Benefits provided under Item 3A of this Resolution may not be paid and are not payable to any member of the Legislative Pension Plan or the member's beneficiary if:

(1) The member is convicted of or enters a plea of nolo contendere to any crime that is committed during the member's term of office; and

(2) The crime is:

(i) A felony; or

(ii) A misdemeanor related to the member's public duties and responsibilities and involves moral turpitude for which the penalty may be incarceration in any penal institution.

(b) A retiree of the Legislative Pension Plan and the retiree's beneficiary are subject to a forfeiture of benefits under subsection (a) of this item if the retiree is receiving benefits under Item 3A of this Resolution at the time the retiree is convicted of a crime described in subsection (a) of this item.

(c) If a member or retiree is subject to a forfeiture of benefits under subsections (a) or (b) of this section, the member, retiree, or beneficiary of a member or retiree is only entitled to a return of the member's or retiree's accumulated contributions, plus interest, less any benefit payments already made under Item 3A of this Resolution.

(d) If the conviction of the member is reversed or overturned, the member's benefits that are payable under Item 3A of this Resolution shall be restored.

FURTHER RESOLVED, That all desk orders, journal entries, regulations, rules, or resolutions, including the Resolutions of this Commission dated January 25, 1971; January 24, 1974; January 19, 1978; January 7, 1982; December 17, 1985; January 10, 1990; January 20, 1994; January 7, 1998; January 11, 2002; January 11, 2006; January 12, 2010; and any other provisions of law in any way inconsistent with the express or implied language of this Resolution relating to compensation and allowances in any form for members of the General Assembly of Maryland are hereby repealed.

IN WITNESS WHEREOF, We have hereunto subscribed our names on this seventh day of January 2014."

Sean W. Glynn, Chair

E. Steuart Chaney

Ackneil M. Muldrow, II

Josh Greene

Raymond L. Nix

Kathryn Higgins

Gene M. Ransom III

Mary C. Larkin

Gabriel Antonio Terrasa

Exhibits

Exhibit 1

Constitutional Provisions Regarding General Assembly Compensation Commission

Art III, §15

Section 15. Duration of sessions of General Assembly; compensation and allowances.

(1) The General Assembly may continue its session so long as in its judgment the public interest may require, for a period not longer than ninety days in each year. The ninety days shall be consecutive unless otherwise provided by law. The General Assembly may extend its session beyond ninety days, but not exceeding an additional thirty days, by resolution concurred in by a three-fifths vote of the membership in each House. When the General Assembly is convened by Proclamation of the Governor, the session shall not continue longer than thirty days, but no additional compensation other than mileage and other allowances provided by law shall be paid members of the General Assembly for special session.

(2) Any compensation and allowances paid to members of the General Assembly shall be as established by a commission known as the General Assembly Compensation Commission. The Commission shall consist of nine members, five of whom shall be appointed by the Governor, two of whom shall be appointed by the President of the Senate, and two of whom shall be appointed by the Speaker of the House of Delegates. Members of the General Assembly and officers and employees of the Government of the State of Maryland or of any county, city, or other governmental unit of the State shall not be eligible for appointment to the Commission. Members of the Commission shall be appointed for terms of four years commencing on June 1 of each gubernatorial election year. Members of the Commission are eligible for re-appointment. Any member of the Commission may be removed by the Governor prior to the expiration of his term for official misconduct, incompetence, or neglect of duty. The members shall serve without compensation but shall be reimbursed for expenses incurred in carrying out their responsibilities under this section. Decisions of the Commission must be concurred in by at least five members.

(3) Within 15 days after the beginning of the regular session of the General Assembly in 1974 and within 15 days after the beginning of the regular session in each fourth year thereafter, the Commission by formal resolution shall submit its determinations for compensation and allowances to the General Assembly. The General Assembly may reduce or reject, but shall not increase any item in the resolution. The resolution, with any reductions that shall have been concurred in by joint resolution of the General Assembly, shall take effect and have the force of law as of the beginning of the term of office of the next General Assembly. Rates of compensation and pensions shall be uniform for all members of the General Assembly, except that the officers of the Senate and the House of Delegates may receive higher compensation as determined by the General Assembly Compensation Commission. The provisions of the Compensation Commission resolution shall continue in force until superseded by any succeeding resolution.

(4) In no event shall the compensation and allowances be less than they were prior to the establishment of the Compensation Commission *(amended by Chapter 695, Acts of 1941, ratified Nov. 3, 1942; Chapter 497, Acts of 1947, ratified Nov. 2, 1948; Chapter 161, Acts of 1964, ratified Nov. 3, 1964; Chapter 576, Acts of 1970, ratified Nov. 3, 1970; Chapter 541, Acts of 1976, ratified Nov. 2, 1976; Chapter 681, Acts of 1977, ratified Nov. 7, 1978).*

Exhibit 2
General Assembly Compensation Commission – Possible Legislative Actions

Applicable Law	Time for Submitting Recommendation	Form of Recommendation	Subject	Time Limit for Legislative Action	Forms of Legislative Action	Options for Legislative Action	Effect of Legislative Action
MD Const., Art. III, Sec. 15	By fifteenth day of session, *i.e.*, January 22, 2014	Resolution of commission, not legislature	Compensation and Allowances, *i.e.*, salary as well as expenses and pension.	End of session	Joint resolution (if no joint resolution introduced, commission's resolution takes effect)	1. May take no action on joint resolutions.	1. Commission's resolution takes effect.
						2. May pass joint resolution approving commission's resolution.	2. Commission's resolution takes effect.
						3. May pass joint resolution reducing or rejecting particular items* but may not increase item.	3. Commission's resolution, as modified by joint resolution, takes effect.
						4. May pass joint resolution rejecting commission's resolution.	4. Prior resolution (2006 as amended by 2010) remains in effect.
						5. May pass joint resolution embodying prior resolution (2006 as amended by 2010).	5. Prior resolution (2006 as amended by 2010) remains in effect.
						6. May defeat joint resolutions.	6. Commission's resolution takes effect.

* May not reduce below 1970 levels.

Exhibit 3

General Assembly Compensation Commission Recommendations Which Were Adopted Implementation of Constitution Article III, Section 15 (as Amended November 3, 1970)

Summary of 1971, 1974, 1978, 1982, and 1986 Recommendations

Subject	1971	1974	1978	1982	1986
Salaries					
Member	$11,000 annually (bi-weekly payments)	$12,500 annually (monthly payments)	In each calendar year, the following (each in monthly payments):	$21,000 annually (monthly payments)	In each calendar year, the following (each in monthly payments):
President and Speaker	$13,000 annually (bi-weekly payments)	$17,500 annually (monthly payments)	**Mem.** **Pres/Spk** 1979 $16,000 $21,000 1980 $16,750 $21,750 1981 $17,600 $22,600 1982 $18,500 $23,500	$26,000 annually (monthly payments)	**Mem.** **Pres/Spk** 1987 $22,000 $29,500 1988 $23,000 $30,500 1989 $24,000 $31,500 1990 $25,000 $32,500
Expenses					
Meals and Lodging	Abolish per diems; vouchered reimbursement to max of $25 for attendance at session, legislative council, committee, or subcommittee meetings	Vouchered reimbursement to max of $35; attendance expanded "to other official functions"	Limitation of $50, including $20 sub limitation on meals; lodging vouchered; meals not vouchered	In each calendar year the following: **Daily Limits** **Overall** **Meals** 1983 $65 $24 1984 $68 $26 1985 $72 $28 1986 $75 $30	In each calendar year the following: **Daily Limits** **Overall** **Meals** 1987 $78 $31 1988 $81 $32 1989 $84 $33 1990 $87 $34
Mileage Allowance	10 cents per mile; one round trip per week if taking meals and lodging in Annapolis; in lieu of meals and lodging, 10 cents per mile for daily trips	Rate to align with State travel regulations; current 12 cents per mile	Same conditions; current rate 18 cents per mile	Same conditions; current rate 19 cents per mile	Same conditions; current rate 23 cents per mile

Subject	1971	1974	1978	1982	1986
In-district Travel	Not authorized	Not authorized	Not authorized	Not authorized	$200 annual payment
Out-of-state Travel	Not specifically addressed	Prior joint approval by President and Speaker	Same as 1974	In each calendar year the following daily limits: 1983 $ 85 1984 $ 90 1985 $ 95 1986 $100	In each calendar year the following daily limits: 1987 $105 1988 $110 1989 $116 1990 $122
Retirement Plan					
Participation	Optional (60 days to decide)	Optional 60 days to decide)	Optional 60 days to decide)	Optional (1 year to decide)	Optional (16 months initial enrollment period)
Member Contribution	5.0% of salary	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan
Allowance	2.5% of highest annual salary times years of service; pre-1971 and post-1971 benefits calculated separately and added together	Same formula as 1971; may include pre-1971 service in calculating benefits under current plan	Same as 1971	Same as 1971 with addition of cost-of-living adjustment (COLA) not to exceed 3%	Same as 1971 with COLA not to exceed 3.0%
Maximum Allowance	60.0% after 24 years	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan
Eligible for Allowance	Age 60 with at least 8 years of service	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan
Transfer Credit to Other State Plans	Yes	No	No	No	Yes, if less than 8 years of service
Early Retirement	Age 50 if 8 or more years of service; benefit actuarially reduced	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan
Survivor Benefit	Spouse receives half allowance at age 60; reduced benefit age 50-60	Same as 1971 plan	Same as 1971 plan	"Survivor" modified to include beneficiaries other than spouse if member is single or widowed	Same as 1971, with 1982 modifications

Subject	1971	1974	1978	1982	1986
Contribute to Eight Years	If terminate at less than 8 years, may contribute member and State shares to 8-year level and qualify for allowance when eligible	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan
Disability Benefit	Not authorized	Not authorized	Not authorized	Not authorized	Not authorized

Summary of 1990, 1994, 1998, 2002, and 2006 Recommendations

Subject	1990	1994	1998	2002	2006
Salaries					
Member President and Speaker	In each calendar year, the following (each in monthly payments): **Mem.** / **Pres/Spk** 1991 $27,000 $37,000 1992 $27,000 $37,000 1993 $28,000 $38,000 1994 $28,000 $38,000	In each calendar year, the following (each in monthly payments): **Mem.** / **Pres/Spk** 1995 $28,840 $38,840 1996 $29,700 $39,700 1997 $29,700 $39,700 1998 $29,700 $39,700	In each calendar year, the following (each in monthly payments): **Mem.** / **Pres/Spk** 1999 $30,591 $40,591 2000 $30,591 $40,591 2001 $31,509 $41,509 2002 $31,509 $41,509	In each calendar year, the following (each in monthly payments): **Mem.** / **Pres/Spk** 2003 $34,500 $47,500 2004 $37,500 $50,500 2005 $40,500 $53,500 2006 $43,500 $56,500	In each calendar year, the following (each in monthly payments): **Mem.** / **Pres/Spk** 2007 $43,500 $56,500 2008 $43,500 $56,500 2009 $43,500 $56,500 2010 $43,500 $56,500
Expenses					
Meals and Lodging	In each calendar year, the following: **Daily Limits** — **Overall** / **Meals** 1991 $90 $35 1992 $94 $36 1993 $98 $38 1994 $102 $40	***Meals*** – $30 allowance per diem ***Lodging*** – limit specified by IRS for Annapolis 1995 $76 1996 $86 1997 $86 1998 $96	***Meals*** – $30 allowance per diem (same as 1994 plan) ***Lodging*** – limit specified by IRS for Annapolis 1999 $96 2000 $90 2001 $90 2002 $90	***Meals*** – Reimbursed in accordance with standard State travel regulations; current limit $39 per diem ***Lodging*** – limit specified by IRS for Annapolis 2003 $ 90 2004 $ 95 2005 $114 2006 $104	***Meals*** – Reimbursed in accordance with standard State travel regulations; current limit $42 per diem ***Lodging*** – limit specified by IRS for Annapolis 2007 $116 2008 $123 2009 $126 2010 $126

Subject	1990	1994	1998	2002	2006
Mileage Allowance	Same conditions; current rate 27 cents per mile	Same conditions; current rate 29 cents per mile	Same conditions; current rate 32 cents per mile	Same conditions; current rate 48 cents per mile	Same conditions; current rate 50 cents per mile
In-District Travel	$250 annual payment	$400 annual payment	$400 annual payment (same as 1994 plan)	$500 annual payment	$500 annual payment
Out-of-state Travel	In each calendar year, the following daily limits: 1991 $128 1992 $134 1993 $141 1994 $148	$160 daily limit for lodging and meals; more if costs exceed limit due to nature of travel or high costs of location	$175 daily limit for lodging and meals; more if costs exceed limit due to nature of travel or high costs of location	$225 daily limit for lodging and meals; more if costs exceed limit due to nature of travel or high cost of location	$225 daily limit for lodging and meals; more if costs exceed limit due to nature of travel or high cost of location
Retirement Plan					
Participation	Optional enrollment allowed at any time	Same as 1990 plan	Same as 1990 plan	Same as 1990 plan	Same as 1990 plan
Member Contribution	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan (5.0% of salary)	Same as 1971 plan (5.0% of salary)
Allowance	2.5% of salary of active legislator for each year of service up to 24 years; benefit recalculated based on salary increases for active legislators	3.0% of salary of active legislator for each year of service up to 22 years and 3 months; benefit recalculated based on salary increases for active legislators	Same as 1994 plan	Same as 1994 plan	Same as 1994 plan
Maximum Allowance	60.0% of salary payable to an active legislator	66.67% of salary payable to an active legislator	Same and 1994 plan	Same as 1994 plan	Same as 1994 plan
Eligible for Allowance	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan (age 60 with at least 8 years of service)	Same as 1971 plan (age 60 with at least 8 years of service)
Transfer Credit to Other State Plans	Same as 1986 plan	Same as 1986 plan	Same as 1986 plan	Same as 1986 plan (yes, if less than 8 years of service)	Same as 1986 plan (yes, if less than 8 years of service)
Early Retirement	Age 50 with at least 8 years of service, actuarially reduced 6.0% for each year under age 60	Same as 1990 plan	Same as 1990 plan	Same as 1990 plan	Same as 1990 plan

Subject	1990	1994	1998	2002	2006
Survivor Benefit	***Nonvested Active –*** Surviving spouse or designated beneficiary receives lump sum payment of 1 year's salary plus return of member's contribution ***Vested Active/Vested Former/Retired –*** Surviving spouse or designated beneficiary may elect either lump sum payment OR a monthly benefit of 50.0% of benefit accrued at member's death. Payment to spouse begins at member's death. Payment to designated beneficiary begins at age 60, or actuarially reduced at age 50	Same as 1990 plan	Same as 1990 plan	Same as 1990 plan, except a member may elect multiple beneficiaries, if no surviving spouse, to receive lump sum payment divided equally	Same as 1990 plan, except a member may elect multiple beneficiaries, if no surviving spouse, to receive lump sum payment divided equally
Contribute to 8 Years	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan	Same as 1971 plan (if terminate at less than 8 years, may contribute member and State shares to 8-year level and qualify for allowance when eligible)	Same as 1971 plan (if terminate at less than 8 years, may contribute member and State shares to 8-year level and qualify for allowance when eligible)
Disability Benefit	Incapacitated legislator may resign and continue to receive salary through remainder of term	If totally disabled, vested member receives annual retirement allowance regardless of age	Same as 1994 plan	Same as 1994 plan	Same as 1994 plan

Source: Department of Legislative Services

Exhibit 4

Summary of 2010 General Assembly Compensation Commission Recommendations and Final Adopted Joint Resolution 4 of 2010 Regular Session

Subject	2010 GACC Resolution	Joint Resolution 4 of 2010 Regular Session
Salaries		
Member	In each calendar year, the following (each in monthly payments):	In each calendar year, the following (each in monthly payments):
President and Speaker	**Mem.** / **President/Speaker** 2011 $43,500 $56,500 2012 $43,500 $56,500 2013 $43,500/$45,500 * $56,500/$58,500* 2014 $43,500/$45,500* $56,500/$58,500*	**Mem.** / **President/Speaker** 2011 $43,500 $56,500 2012 $43,500 $56,500 2013 $43,500 $56,500 2014 $43,500 $56,500 Same as 2006 plan and unchanged since calendar 2006
Expenses		
Meals and Lodging	***Meals*** – Reimbursed in accordance with standard State travel regulations; current limit $42 per diem ***Lodging*** – limit specified by the Internal Revenue Service (IRS) for Annapolis** 2011 $100/$114 2012 $101/$116 2013 $101/$116 2014 to be decided	***Meals*** – Reimbursed in accordance with standard State travel regulations; current limit $42 per diem ***Lodging*** – limit specified by IRS for Annapolis 2011 $100/$114 2012 $101/$116 2013 $101/$116 2014 to be decided Same as 2006 plan
Mileage Allowance	Rate to align with State travel regulations; current rate $.565 per mile	Same conditions; current rate $.565 per mile Same as 2006 plan

Subject	2010 GACC Resolution	Joint Resolution 4 of 2010 Regular Session
In-district Travel	$650 annual payment	$500 annual payment Same as 2006 plan and unchanged since calendar 2002
Out-of-state Travel	Per diem rates as established by the federal General Services Administration (GSA) and removal of presiding officer approval to exceed the maximum daily rate as GSA rates already reflect local variation	$225 daily limit for lodging and meals; more if costs exceed limit due to nature of travel or high cost of location Same as 2006 plan and unchanged since 2002
Retirement Plan		
Participation	Optional enrollment allowed at any time	Same as 2006 plan and unchanged since 1990
Member Contribution	5.0% of salary	Same as 2006 plan and unchanged since 1971
Allowance	3.0% of salary of active legislator for each year of service up to 22 years and 3 months; benefit recalculated based on salary increases for active legislators	Same as 2006 plan and unchanged since 1994
Maximum Allowance	66.67% of salary payable to an active legislator	Same as 2006 plan and unchanged since 1994
Eligible for Allowance	Age 60 with at least 8 years of service	Same as 2006 plan and unchanged since 1971
Transfer Credit to Other State Plans	Yes, if less than 8 years of service	Same as 2006 plan and unchanged since 1986
Early Retirement	Age 50 with at least 8 years of service; benefit reduced actuarially by 6.0% for each year under age 60 up to a maximum of 60.0%	Same as 2006 plan and unchanged since 1990
Survivor Benefit	***Nonvested Active –*** Surviving spouse or designated beneficiary receives lump sum payment of 1 year's salary plus return of member's contribution; member may elect multiple beneficiaries, if no surviving spouse, to receive lump sum payment divided equally	Same as 2006 plan and unchanged since 2002

Subject	2010 GACC Resolution	Joint Resolution 4 of 2010 Regular Session
	***Vested Active/Vested Former/Retired* –** Surviving spouse or designated beneficiary may elect either lump sum payment OR a monthly benefit of 50.0% of benefit accrued at member's death. Payment to spouse begins at member's death. Payment to designated beneficiary begins at age 60, or actuarially reduced at age 50. Member may elect multiple beneficiaries, if no surviving spouse, to receive lump sum payment divided equally The Maryland General Assembly Compensation Commission recommended altering 100.0% joint and survivor option (Option A) per IRS guidelines (limiting a non-spouse as beneficiary who is more than 10 years younger than the member) and repealing the personalized option (Option C) that the IRS has also ruled as no longer acceptable options	
Contribute to 8 Years	If terminate at less than 8 years, may contribute member and State shares to 8-year level and qualify for allowance when eligible	Same as 2006 plan and unchanged since 1971 plan
Disability Benefit	If totally disabled, vested member receives annual retirement allowance regardless of age	Same as 2006 plan and unchanged since 1994
Military Service	For members who have accrued 8 years of creditable service (none of which may be purchased), the member may claim 1 year of additional service credit for each year of active military service up to a maximum of 3 years	Same as 2006 (no allowance for military service)
Forfeiture of Retirement Benefits	Not included	Forfeiture of benefits based on conviction or entering a plea of *nolo contendere* to any crime committed during the member's term of office that is either a felony or certain misdemeanors

GACC: General Assembly Compensation Commission

* The GACC recommendation was for a one-time $2,000 increase in calendar 2013 and 2014 if the average Maryland unemployment rate in the prior calendar year was 5.0% or below.
**Lodging rate varies according to time of year. Low rate is in effect for the duration of the regular legislative session.

Source: Department of Legislative Services

Exhibit 5
How Full- or Part-time Is the State Legislature?

	Full-time	**Hybrid**		**Part-time**
(A)	California	Alabama	(A)	Georgia
	Michigan	Alaska		Idaho
	New York	Arizona		Indiana
	Pennsylvania	Arkansas		Kansas
		Colorado		Maine
(B)	Illinois	Connecticut		Mississippi
	Florida	Delaware		Nevada
	Ohio	Hawaii		New Mexico
	Massachusetts	Iowa		Rhode Island
	New Jersey	Kentucky		Vermont
	Wisconsin	Louisiana		West Virginia
		Maryland		
		Minnesota	(B)	Montana
		Missouri		New Hampshire
		Nebraska		North Dakota
		North Carolina		South Dakota
		Oklahoma		Utah
		Oregon		Wyoming
		South Carolina		
		Tennessee		
		Texas		
		Virginia		
		Washington		

Note: Full-time legislatures are distinguished by those with longer sessions and larger districts (listed as A versus B). Part-time legislatures states are distinguished by those that are part-time (listed as A) but considered not the most traditional citizen legislatures (listed as B).

Characteristics of legislature:

Full-time: 80% or more of a full-time job doing legislative work; average annual compensation including salaries, per diem and other unvouchered expenses of $68,599; and 8.9 legislative staff (including central staff employees) per legislator.

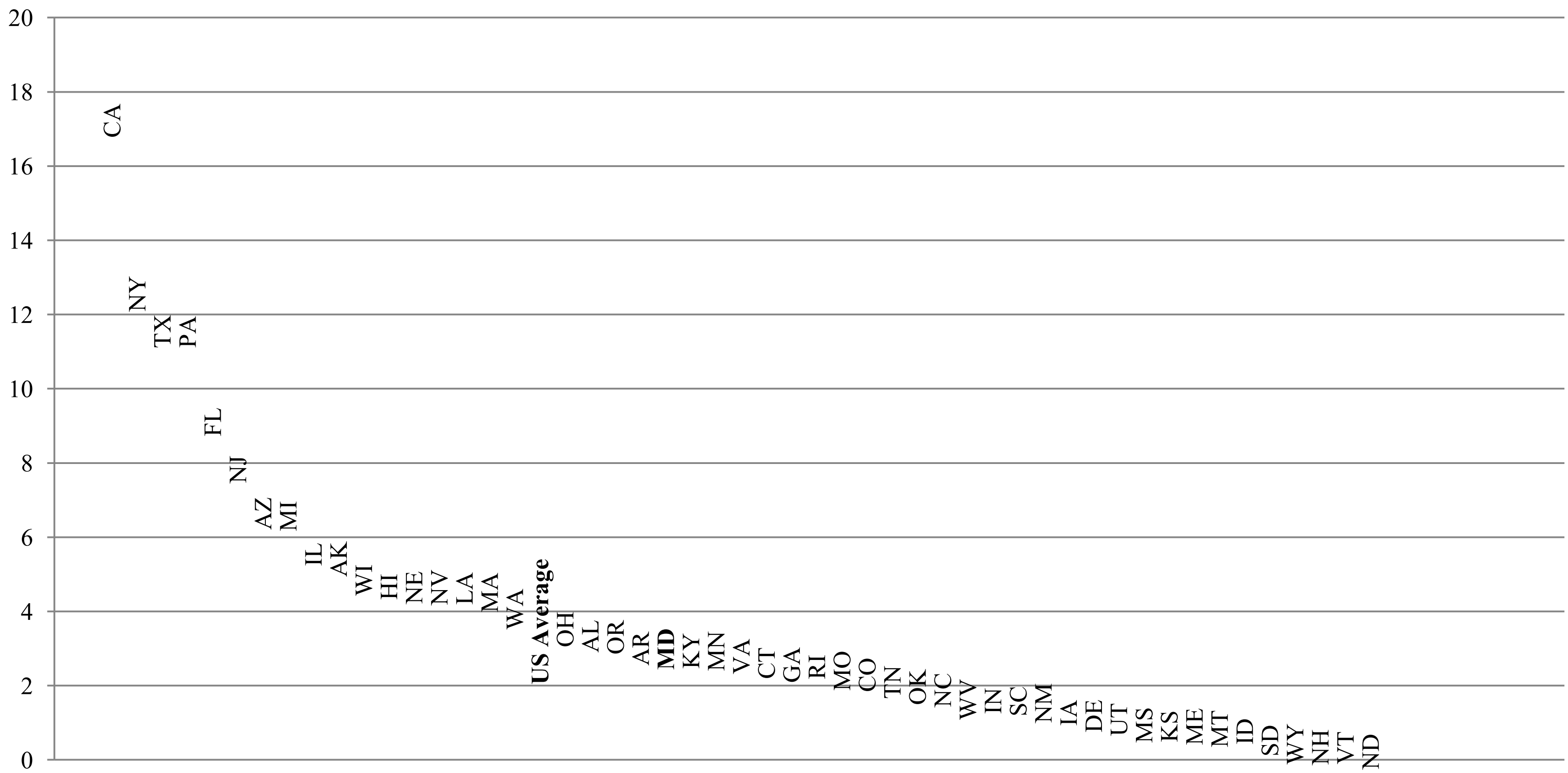
Hybrid: 70% or more of a full-time job doing legislative work; average annual compensation of $35,326; and 3.1 legislative staff per legislator.

Part-time: 55% or less of a full-time job doing legislative work; average annual compensation of $15,984; and 1.2 legislative staff per legislator.

Source: National Conference of State Legislatures (2009)

Exhibit 6

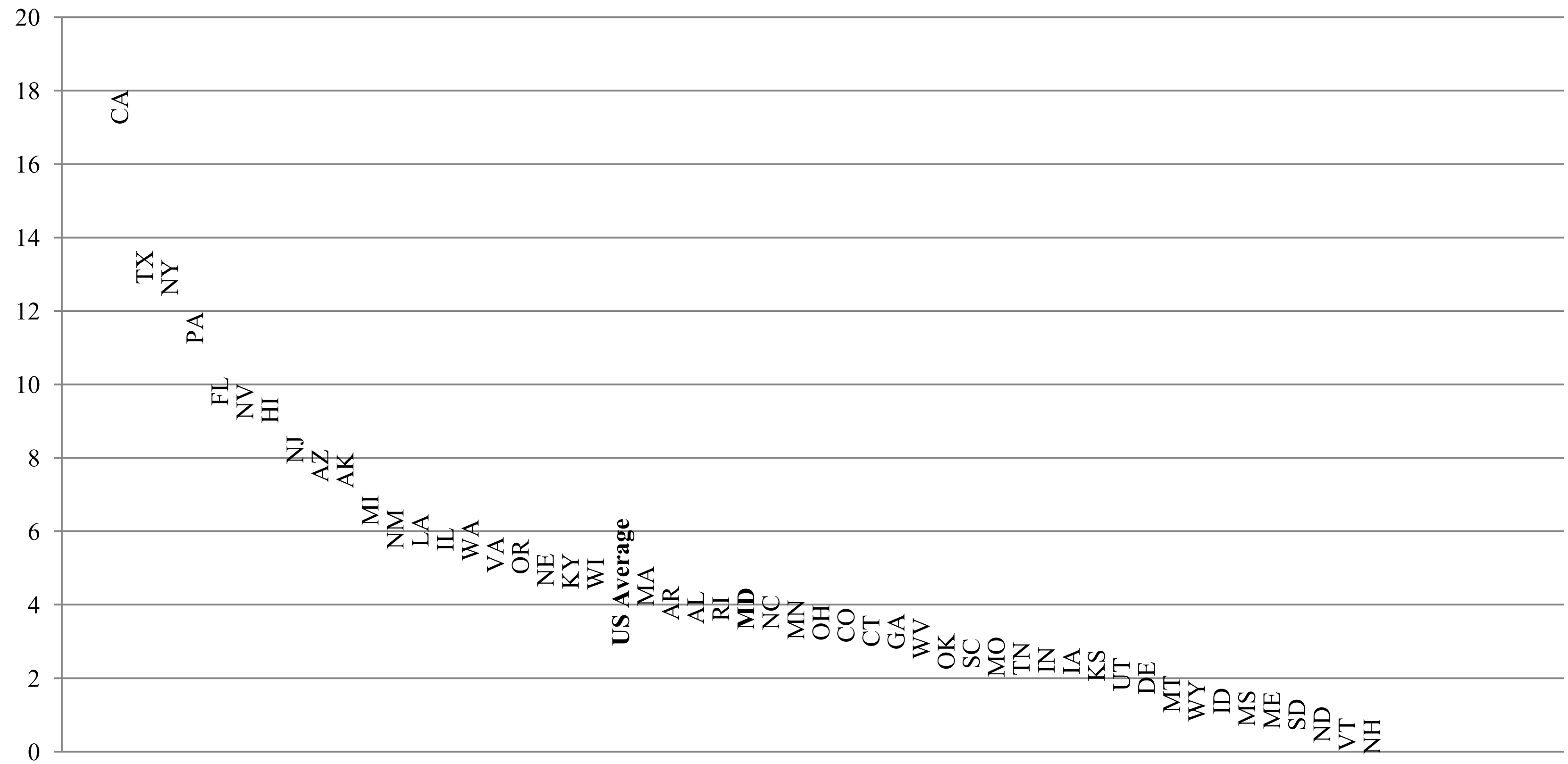
Permanent Staff Per Legislator



Source: National Conference of State Legislatures; Department of Legislative Services

Exhibit 7

Total Legislative Staff Per Legislator



Source: National Conference of State Legislatures; Department of Legislative Services

Exhibit 8

Legislators – National and Maryland
Professional Backgrounds

Occupation	Maryland	National
Business (owner, executive, non-executive)	21%	21%
Law	20%	15%
Full-time legislator	12%	16%
State/local employee	9%	2%
Consulting	9%	8%
Education	7%	6%
Retired	5%	12%
Medical	5%	4%
Other (6 different occupational categories in Maryland/ 9 national)	12%	16%

Source: National Conference of State Legislatures (downloaded from NCSL website July 2013) based on 2007 data

Exhibit 9

Legislators Continued in Office
Election Year Turnover
1974-2010

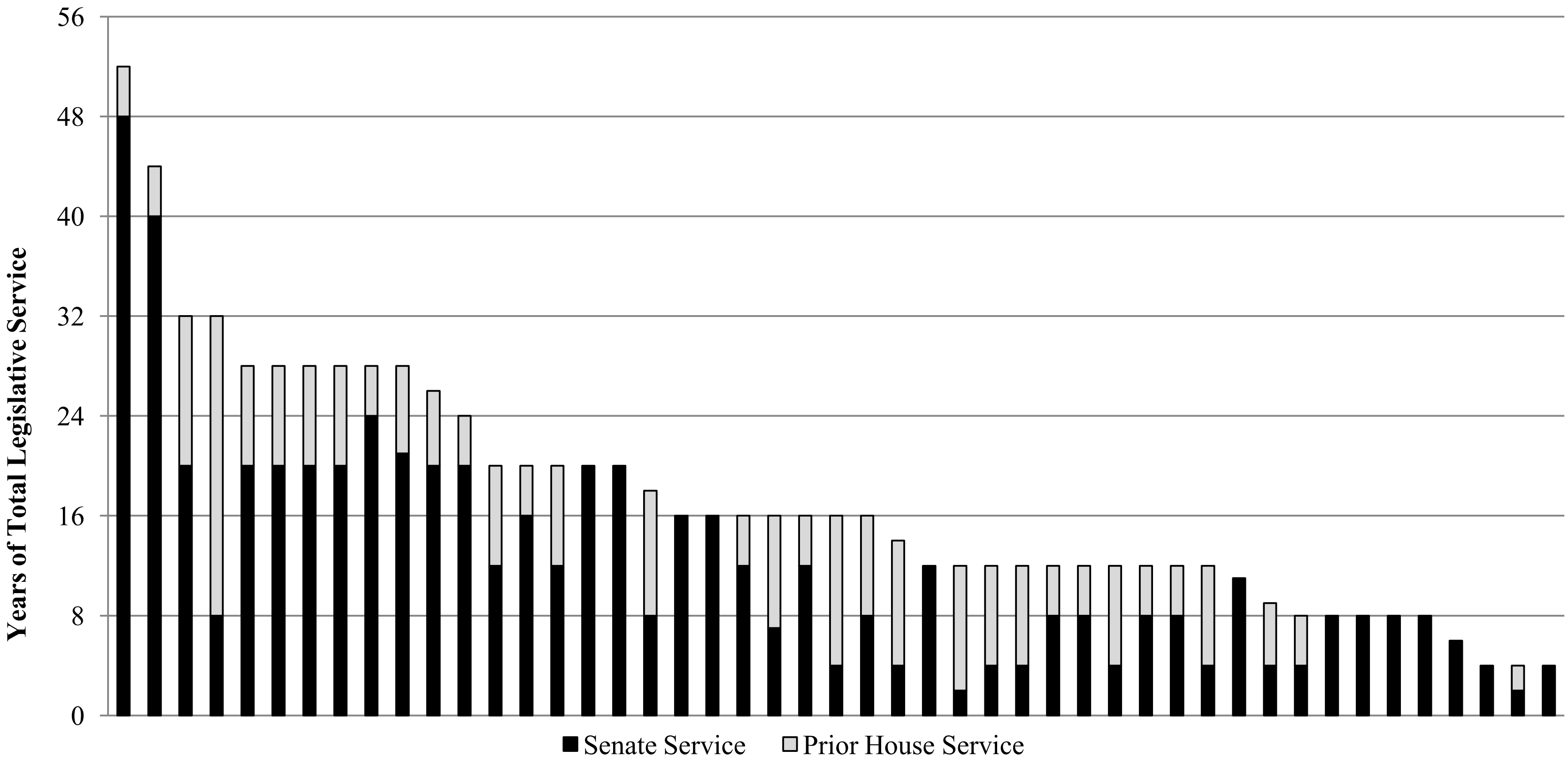
	Senate		House		Total				
Election Year	No. of Chgs.	% of Total	No of Chgs.	% of Total	No. of Chgs.	% of Total	Less House to Senate	Net	% of Total
1974	19	40.4%	63	44.7%	82	43.6%	9	73	38.8%
1978	11	23.4%	54	38.3%	65	34.6%	7	58	30.9%
1982	17	36.2%	50	35.5%	67	35.6%	9	58	30.9%
1986	8	17.0%	41	29.1%	49	26.1%	7	42	22.3%
1990	10	21.3%	35	24.8%	45	23.9%	5	40	21.2%
1994	20	42.6%	60	42.6%	80	42.6%	10	70	37.2%
1998	7	14.9%	30	21.3%	37	19.7%	3	34	18.1%
2002	11	23.4%	47	33.3%	58	30.9%	6	52	27.7%
2006	11	23.4%	42	29.8%	53	28.2%	4	49	26.1%
2010	10	21.3%	29	20.6%	39	20.7%	7	32	17.0%

Note: Of the 29 House changes in 2010, 9 involved legislators who ran for the Senate of whom 7 were elected.

Source: Department of Legislative Services

Exhibit 10

Current Senate Members Total Legislative Service

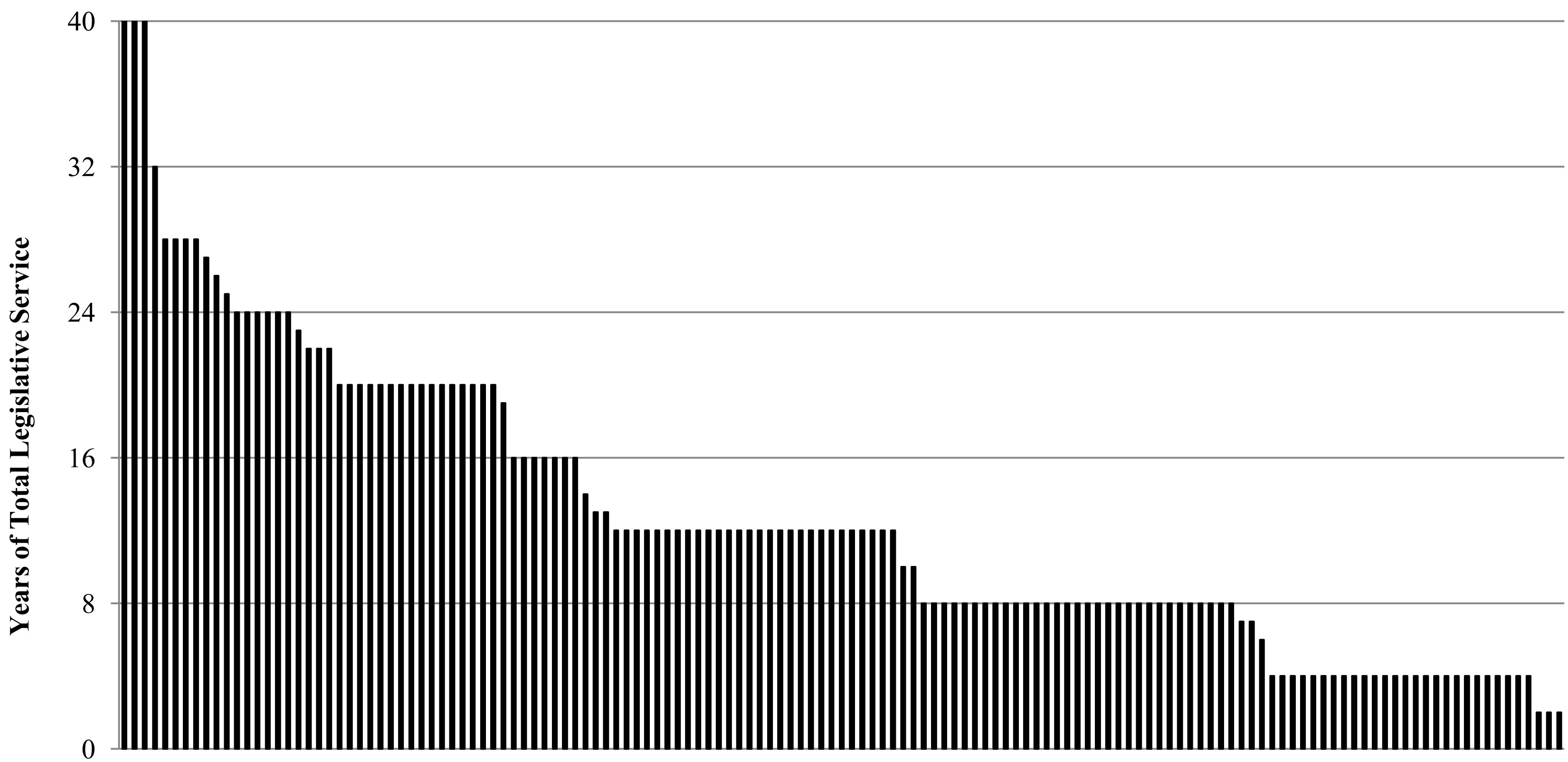


Note: Data assumes that legislators will complete the current term.

Source: Department of Legislative Services

Exhibit 11

Current House Members Total Legislative Service



Note: At the time of writing there were only 140 House members. Data assumes that legislators will complete the current term.

Source: Department of Legislative Services

Exhibit 12
2013 Legislative Salary and Session Characteristics

State	Salary	Length of Terms (in Years)		Session Legal Limit	Notes
		Senate	House		
California	$90,526	4	2	Varies by year	
Pennsylvania	83,801	4	2	None	
New York	79,500	2	2	None	
Michigan	71,685	4	2	None	
Illinois	67,836	4	2	None	
Ohio	60,584	4	2	None	
Massachusetts	60,033	2	2	None	Legislative rules provide for end-by dates
Alaska	50,400	4	2	90C	
Wisconsin	49,943	4	2	None	
New Jersey	49,000	4	2	None	
Hawaii	46,273	4	2	60L	
Delaware	44,041	4	2	End by June 30	
Maryland	43,500	4	4	90C	
Washington	42,106	4	2	Varies by year	Odd years – 105C; even years – 60C
Oklahoma	38,400	4	2	Last Friday in May	
Missouri	35,915	4	2	End by May 30	
Minnesota	31,141	4	2	120L	120L or first Monday after third Saturday in May
Colorado	30,000	4	2	120C	
Florida	29,697	4	2	60C	
Connecticut	28,000	2	2	Varies by year	Odd years – end in June; even years – end in May
Iowa	25,000	4	2	Varies by year	Odd years – 110C; even years – 100C
Arizona	24,000	2	2	None	Legislative rules require end during week of the 100th calendar day
Indiana	22,616	4	2	Varies by year	Odd years – April 29; even years – March 14
Oregon	22,260	4	2	Varies by year	Odd years – 160C; even years 35C
West Virginia	20,000	4	2	60C	
Tennessee	19,009	4	2	90L	Indirect limit by restricting compensation
Virginia	18,000 (Senate) 17,640 (House)	4	2	60C	Even years – 60C; odd years – 30C
Georgia	17,342	2	2	40L	

State	Salary	Length of Terms (in Years) Senate	House	Session Legal Limit	Notes
Louisiana	16,800	4	4	Varies by year	Even years – 60L in 85C; odd years – 45L in 60C
Idaho	16,438	2	2	None	
Arkansas	15,869	4	2	Varies by year	Odd years – 60C; even years 30C
Rhode Island	14,640	2	2	None	
North Carolina	13,951	2	2	None	
Maine	1st Session 13,852 2nd Session 9,661	2	2	Varies by year	Odd years – third Wednesday in June; even years – third Wednesday in April
Nebraska	12,000	4		Varies by year	Odd years – 90L; even years – 60L
South Carolina	10,400	4	2	First Thursday in June	
Mississippi	10,000	4	4	Varies by year	90C except first year of gubernatorial term – 125C
Texas	7,200	4	2	140C	Biennial – odd years
South Dakota	6,000	2	2	40L	
New Hampshire	100	2	2	45L or July 1	
New Mexico	0	4	2	Varies by year	Odd years – 60C; even years – 30C
Utah	273/day	4	2	45C	
Kentucky	188/day (Senate) 187/day (House)	4	2	Varies by year	Even years – 60L or April 15; odd years – 30L or March 30
North Dakota	157/day	4	4	80L	Biennial – odd years
Wyoming	150/day	4	2	Varies by year	Odd years – 40L; even years – 20L
Nevada	146/day	4	2	120C	Biennial – odd years
Vermont	647/week	2	2	None	$589 weekly
Kansas	89/day	4	2	Varies by year	Even years – 90C; odd years – none
Montana	83/day	4	2	90L	Biennial – odd years
Alabama	10/day	4	4	30L	30L in 105C

Key: L – legislative day
C – calendar day

Note: States with legislatures that are generally considered full-time are shaded; Illinois legislators are required to forfeit one day of compensation per month in 2013; Nebraska's legislature is unicameral.

Source: National Conference of State Legislators; Department of Legislative Services

Exhibit 13

Relative Standing of Legislative Salaries

State	2013 Salary	2013 Rank	2009 Salary	2009 Rank	2006 Salary	2006 Rank	2002 Salary	2002 Rank	1998 Salary	1998 Rank	2009-2013 Salary Change
California	$90,526	1	$116,208	1	$110,800	1	$99,000	1	$75,600	1	-22.1%
Pennsylvania	83,801	2	78,315	4	69,647	4	61,890	4	57,367	3	7.0%
New York	79,500	3	79,500	3	79,500	3	79,500	2	57,500	2	0.0%
Michigan	71,865	4	79,650	2	79,650	2	77,400	3	51,895	4	-9.8%
Illinois	67,836	5	67,836	5	55,788	6	55,788	5	47,039	5	0.0%
Ohio	60,584	6	60,584	7	56,261	5	51,674	6	42,427	7	0.0%
Massachusetts	60,033	7	61,440	6	53,380	7	50,123	7	46,410	6	-2.3%
Alaska	50,400	8	24,012	21	24,012	20	24,012	20	24,012	18	109.9%
Wisconsin	49,943	9	49,943	8	45,569	9	44,333	8	39,211	8	0.0%
New Jersey	49,000	10	49,900	9	49,000	8	35,000	10	35,000	9	0.0%
Hawaii	46,273	11	48,708	10	35,000	13	32,000	13	32,000	10	-5.0%
Delaware	44,041	12	42,750	12	39,785	11	33,400	11	27,500	15	3.0%
Maryland	43,500	13	43,500	11	43,500	10	31,509	15	29,700	12	0.0%
Washington	42,106	14	42,106	13	34,227	14	32,064	12	28,800	14	0.0%
Oklahoma	38,400	15	38,400	14	38,400	12	38,400	9	32,000	11	0.0%
Missouri	35,915	16	35,915	15	31,351	15	31,351	14	26,803	16	0.0%
Minnesota	31,141	17	31,141	16	31,141	16	31,141	16	29,657	13	0.0%
Colorado	30,000	18	30,000	18	30,000	17	30,000	17	17,500	21	0.0%
Florida	29,697	19	30,336	17	29,916	18	27,900	19	24,912	17	-2.1%
Connecticut	28,000	20	28,000	19	28,000	19	28,000	18	16,760	23	0.0%
Iowa	25,000	21	25,000	20	21,381	22	20,758	22	20,120	19	0.0%
Arizona	24,000	22	24,000	22	24,000	21	24,000	21	15,000	25	0.0%
Indiana	22,616	23	22,616	23	11,600	34	11,600	33	11,600	32	0.0%
Oregon	22,260	24	21,612	24	16,284	27	15,396	28	13,104	28	3.0%
West Virginia	20,000	25	20,000	25	15,000	29	15,000	29	15,000	26	0.0%

State	2013 Salary	2013 Rank	2009 Salary	2009 Rank	2006 Salary	2006 Rank	2002 Salary	2002 Rank	1998 Salary	1998 Rank	2009-2013 Salary Change
Tennessee	19,009	26	19,009	26	16,500	26	16,500	25	16,500	24	0.0%
Virginia											
Senate	18,000		18,000		18,000		18,000		18,000		
House	17,640	27	17,640	27	17,640	23	17,640	23	17,640	20	0.0%
Georgia	17,342	28	17,342	28	16,524	25	16,200	26	10,641	33	0.0%
Louisiana	16,800	29	16,800	29	16,800	24	16,800	24	16,800	22	0.0%
Idaho	16,438	30	16,116	30	15,646	28	15,646	27	12,360	30	2.0%
Arkansas	15,869	31	15,362	31	13,751	34	12,679	34	12,500	31	3.3%
Rhode Island	14,640	32	13,089	34	12,646	32	11,236	34	10,250	36	11.9%
North Carolina	13,951	33	13,951	32	13,951	31	13,951	31	13,951	29	0.0%
Maine	13,852	34	13,526	33	11,384	35	10,815	35	10,500	34	2.4%
Nebraska	12,000	35	12,000	35	12,000	33	12,000	32	12,000	31	0.0%
South Carolina	10,400	36	10,400	36	10,400	36	10,400	36	10,400	35	0.0%
Mississippi	10,000	37	10,000	37	10,000	37	10,000	37	10,000	37	0.0%
Texas	7,200	38	7,200	38	7,200	38	7,200	38	7,200	38	0.0%
South Dakota	6,000	39	6,000	39	6,000	39	6,000	39	4,267	39	0.0%
New Hampshire	100	40	100	40	100	40	100	40	100	40	0.0%
New Mexico	0	41	0	41	0	41	0	41	0	41	0.0%

Note: Data is for those states with annual salaries only as opposed to daily or weekly allowances; data for Maine is for the first session of the term (the longest/highest paid term).

Source: National Conference of State Legislatures; Department of Legislative Services

Exhibit 14

Legislative Salaries in States with Combined Operating and Capital Budgets within $5 Billion of Maryland's Combined Budget

State	Budget[1] ($ in Billions)	Legislative Salary[2]
Maryland	$33.9	$43,500
Washington	33.6	42,106
Oregon	33.4	22,260
Minnesota	31.4	31,141
Louisiana	31.2	16,800
Colorado	30.9	30,000
Tennessee	30.1	19,009

(1) Based on actual fiscal 2011 data.
(2) 2013 session.

Note: Of those states with legislative salaries higher than Maryland, only three have smaller combined operating and capital budgets (Alaska, Delaware, and Hawaii).

Source: National Association of State Budget Officers, *Fiscal 2010-2012 State Expenditure Report;* National Conference of State Legislatures; Department of Legislative Services

Exhibit 15

Legislative Salaries in States with Combined Operating and Capital Budgets Higher Than Maryland's Combined Budget

State	Budget[(1)] ($ in Billions)	Legislative Salary[(2)]
California	$215.7	$90,526
New York	132.8	79,500
Texas	95.5	7,200
Pennsylvania	69.1	83,801
Florida	65.5	29,697
Ohio	60.3	60,584
Massachusetts	53.3	60,003
North Carolina	51.1	13,951
Illinois	49.1	67,836
Michigan	48.6	71,865
New Jersey	47.1	49,000
Wisconsin	42.8	49,943
Virginia	42.3	18,000/17,640
Georgia	40.6	17,342
Maryland	33.9	43,500

[(1)] Based on actual fiscal 2011 data.
[(2)] 2013 session.

Source: National Association of State Budget Officers, *Fiscal 2010-2012 State Expenditure Report;* National Conference of State Legislatures; Department of Legislative Services

Exhibit 16

Summary of Recent State Employee and General Assembly Member Salary Changes

	State Employees		General Assembly Members	
Fiscal Year	Cost-of-living Increase	Increments	Salary(4)	Salary Increase Over Previous Year
1999	$900 on 7/1/98 375 on 1/1/99	Yes	$30,591	3.0%
2000	$638 on 7/1/99 637 on 1/1/00	Yes	30,591	None
2001	4%(1)	Yes(3)	31,509	3.0%
2002	4%(2)	Yes	31,509	None
2003	None	No	34,500	9.5%
2004	None	No	37,500	8.7%
2005	752	Yes	40,500	8.0%
2006	1.5%	Yes	43,500	7.4%
2007	2.0%	Yes	43,500	None
2008	2.0%	Yes	43,500	None
2009	0.5%(5)	Yes	43,500	None
2010	None(6)	No	43,500	None
2011	None(7)	No	43,500	None
2012	None	No	43,500	None
2013	2.0% on 1/1/2013	No	43,500	None
2014	3.0% on 1/1/2014	On 4/1/2014	43,500	None

(1) Effective November 15, 2000.
(2) Effective January 1, 2002.
(3) Executive Pay Plan structure altered to incorporate salary ranges (grades and steps eliminated).
(4) Calendar years.
(5) A 2% cost-of-living increase was included in the fiscal 2009 budget. However, a furlough for State employees by Executive Order 01.01.2008.20 on December 16, 2008, reduced employee salaries by an average of approximately 1.5%. General Assembly members are constitutionally exempt from furloughs.
(6) No cost-of-living increase was included in the fiscal 2010 budget. A furlough for State employees by Executive Order 01.01.2009.11 in August 2009 resulted in an average salary reduction of approximately 2.5% of fiscal 2010 levels. General Assembly members are constitutionally exempt from furloughs.
(7) No cost-of-living increase was included in the fiscal 2011 budget. A furlough for State employees by Executive Order 01.01.2010.11 in May 2010 resulted in an average salary reduction of approximately 2.5%. General Assembly members are constitutionally exempt from furloughs.

Source: Department of Legislative Services, October 2013

Exhibit 17
General Salary Increases, Increments, and Other Compensation
Fiscal 2003-2014

State Employees

Fiscal Year	Date of Increase	General Salary Increase	Increments	Police, Natural Resources Police, and Park Ranger Salary Increases	Maximum Deferred Compensation Match by State	Pay-for-Performance Bonuses	Annual Salary Review Reclassifications	Other
2003		None	None		$500	None	None	
2004		None	None		None	None	None	
2005	7/1/2004	$752[3]	On time		None	None	Yes[(1)]	
2006	7/1/2005	1.5%	On time		$400	None	Yes[(2)]	
2007	7/1/2006	$900, $1,400, or 2%[(3)]	On time	2% extra, 9% extra for State police (primarily DGS and DHMH officers)	$600	None	Yes[(4)]	2 steps on standard salary schedule; 1 step on the physician's salary schedule
2008	7/1/2007	2.0%	On time		$600	None	None	
2009	7/1/2008	2.0%	On time		$600	None	Yes[(5)]	2-5 day furlough enacted[(6)]
2010	7/1/2009	None	None		$0	None	None	3-10 day furlough enacted[(7)]
2011	7/1/2010	None	None		$0	None	None	3-10 day furlough enacted[(8)]
2012	7/1/2011	None	None	Negotiated increments	$0	$750 bonus[(9)]	None	Furloughs ended
2013	1/1/2013	2.0%	None		$0	None	Yes[(10)]	
2014	1/1/2014	3.0%	On 4/1/2014	Negotiated increments	$0	None	Yes[(11)]	

[1] The following classifications were provided upgrades: public defenders, social services attorneys, assistant general counsels (human relations), assistant State prosecutors, direct service workers in the Department of Juvenile Services, property assessors, laboratory scientists, administrative law judges, and banking financial examiners.

[2] It provided a one-grade salary adjustment for the Deputy State Fire Marshal classification series.

[3] Fiscal 2007 general salary increases are $900 for employees making less than $45,000 at the end of fiscal 2006, $1,400 for employees making $70,000 or more, and 2% for those remaining.

[4] The fiscal 2007 annual salary review provides reclassifications and other enhancements for correctional officers and correctional support personnel, registered nurses, licensed practical nurses, direct care assistants, forensic scientists, institutional educators, administrative law judges, and teachers' aides.

[5] The fiscal 2009 annual salary review provides reclassifications and other enhancements for scientists, investigators, engineers, public defender intake specialist, veteran service, cemetery workers, call center specialists, complex tax auditor, tax consultant, retirement benefits counselor, medical care specialist, dental workers, financial regulation, deputy fire marshal, lead aviation maintenance technician, police communications operators, and civilian helicopter pilots.

[6] State employee salaries were reduced through furlough in fiscal 2009 by Executive Order 01.01.2008.20 in December 2008. The salaries for employees earning $40,000 were reduced by the value of two days' salary; those earning between $40,000 and $59,999 were reduced by the value of four days' salary; and those earning $60,000 or above were reduced by five days' salary. Public safety and positions required to maintain 24/7 facilities were exempted from the action. The result was an average salary reduction of approximately 1.5%.

[7] State employee salaries were reduced through furloughs and salary reductions in fiscal 2010 by Executive Order 01.01.2009.11 in August 2009. All employees were subject to a temporary salary reduction of five salary days, while non-24/7 employees with salaries between $40,000 and $49,999 were furloughed for an additional three days; those between $50,000 and $99,999 for an extra four days; and those earning over $100,000 were furloughed for an additional five days. The result was an average salary reduction of approximately 2.6%.

[8] State employee salaries were reduced through furloughs and salary reductions in fiscal 2011 by Executive Order 01.01.2010.11 in May 2010. The structure mirrors the fiscal 2010 program.

[9] The fiscal 2012 budget provided employees with a one-time $750 bonus.

[10] The fiscal 2013 allowance provides upgrades to the following classifications: contribution tax auditors, Maryland correctional enterprise industries representative I and II, and regional managers. Two new classes were also created – nutrient management specialist III and forensic behavioral specialists.

[11]The fiscal 2014 allowance provides one grade for the following classifications: Emergency Medical Services' communication officer staff; State Department of Assessment and Taxation Assessors; personnel classifications at the Department of Health and Mental Hygiene, the Department of Human Resources, and the Department of Public Safety and Correctional Services (DPSCS); and civilian fixed wing pilots, aviation technicians, and inspectors at the State Police. Parole and probation agents at DPSCS that are an agent 1, receive a one-grade increase, agent II and senior currently at base, step 1 or step 2 are moved up to step 3. Personnel officers in the employee relations function at the Department of Budget and Management are moved into four-level class series.

DGS: Department of General Services
DHMH: Department of Health and Mental Hygiene

Source: Department of Legislative Services; Department of Budget and Management

Exhibit 18

Recent General Assembly Member Salary Increases Compared to Several Price Indices and Maryland State Employee General Salary Increases

Four-year Period	Maryland Personal Income	Consumer Price Index – Urban Consumers	State and Local Government Compensation	Maryland State Employee General Salary Increase	General Assembly Member Salary[1]
1991-1994	14.3%	8.8%	16.7%	4.0%	12.0%
1995-1998	18.6%	7.0%	12.8%	5.1%	6.1%
1999-2002	19.2%	8.0%	19.2%	16.3%	6.1%
2003-2006	20.4%	9.6%	14.2%	3.1%	38.1%
2007-2010	6.2%	5.2%	8.8%	6.1% [2]	0.0%
2011-2014	11.5%	5.0%	5.6%	5.1% [2]	0.0%

[1] Total salary change of the last year of each four calendar-year period (*e.g.*, 2010) from the last year of the previous four-year period (*e.g.*, 2002).

[2] This reflects the annualized ongoing general salary increases provided for in these years. It does not reflect the impact of any one-time salary actions that occurred during these years such as a one-time bonus or salary reductions from furloughs.

Source: Forecast of Maryland Personal Income (2013+) from the Board of Revenue Estimates, December 2012; Forecast of the Consumer Price Index and Government Compensation (2013+) from IHS Global Insight, July 2013

Exhibit 19
Salaries of Selected Maryland State Officials
Fiscal 2007-2014

	2007	2008	2009	2010	% Change 2007-2010	2011	2012	2013	2014	% Change 2011-2014
Constitutional Officers										
Governor	$150,000	$150,000	$150,000	$150,000	0.00%	$150,000	$150,000	$150,000	$150,000	0.00%
Lieutenant Governor	125,000	125,000	125,000	125,000	0.00%	125,000	125,000	125,000	125,000	0.00%
Attorney General	125,000	125,000	125,000	125,000	0.00%	125,000	125,000	125,000	125,000	0.00%
Comptroller	125,000	125,000	125,000	125,000	0.00%	125,000	125,000	125,000	125,000	0.00%
Treasurer	125,000	125,000	125,000	125,000	0.00%	125,000	125,000	125,000	125,000	0.00%
Secretary of State	87,500	87,500	87,500	87,500	0.00%	87,500	87,500	87,500	87,500	0.00%
Deputy Constitutional Officers										
Attorney General	$129,713	$135,046	$140,460	$143,270	10.45%	$143,270	$143,270	$143,270	$146,136	2.00%
Comptroller	124,203	128,603	151,210	154,235	24.18%	154,235	154,235	154,235	157,320	2.00%
Treasurer	110,033	117,260	119,606	127,762	16.11%	127,762	127,762	136,706	139,441	9.14%
Judiciary										
Judge, Court of Appeals	$144,352	$153,352	$162,352	$162,352	12.47%	$162,352	$162,352	$162,352	$166,908	2.81%
Ch. Judge Court of Appeals	163,352	172,352	181,352	$181,352	11.02%	181,352	181,352	181,352	185,908	2.51%
Judge, Special Appeals	134,552	142,052	149,552	$149,552	11.15%	149,552	149,552	149,552	154,108	3.05%
Ch. Judge Ct. Spec. Appeals	137,552	145,052	152,552	$152,552	10.90%	152,552	152,552	152,552	157,108	2.99%
Judge, Circuit Court	128,352	134,352	140,352	$140,352	9.35%	140,352	140,352	140,352	144,908	3.25%
Judge, District Court	118,502	122,752	127,252	$127,252	7.38%	127,252	127,252	127,252	131,108	3.03%
Ch. Judge, District Court	134,552	142,052	149,552	$149,552	11.15%	149,552	149,552	149,552	154,108	3.05%

	2007	2008	2009	2010	% Change 2007-2010	2011	2012	2013	2014	% Change 2011-2014
Cabinet Secretaries										
Superintendent of Schools	$185,000	$195,000	$195,000	$195,000	5.41%	$195,000	$195,000	$195,000	$210,000	7.69%
Aging	123,776	125,176	122,400	124,848	0.87%	124,848	124,848	124,848	127,345	2.00%
Planning	126,214	127,614	122,400	124,848	-1.08%	124,848	124,848	124,848	127,345	2.00%
Veterans	94,718	96,118	101,490	80,160	-15.37%	101,490	104,092	104,092	106,174	4.62%
Budget and Management	153,563	154,963	162,825	166,082	8.15%	166,082	166,082	166,082	169,404	2.00%
General Services	129,628	131,028	135,660	138,374	6.75%	138,374	138,374	138,374	141,142	2.00%
Transportation	149,862	151,262	162,825	166,082	10.82%	166,082	166,082	166,082	169,404	2.00%
Natural Resources	129,442	130,842	145,860	148,778	14.94%	148,778	148,778	148,778	151,754	2.00%
Agriculture	127,440	128,840	127,500	130,050	2.05%	130,050	130,050	130,050	132,651	2.00%
Health and Mental Hygiene	158,232	159,632	162,825	166,082	4.96%	166,082	166,082	166,082	169,404	2.00%
Human Resources	128,160	129,560	151,210	159,000	24.06%	159,000	142,800	154,820	157,917	-0.68%
Labor, Licensing, and Reg.	136,305	137,705	140,460	143,270	5.11%	143,270	155,941	158,974	153,000	6.79%
Public Safety	147,924	149,324	162,825	166,082	12.28%	166,082	166,082	166,082	169,404	2.00%
Higher Education Commission	141,283	142,683	151,170	154,194	9.14%	154,194	154,194	110,356	145,530	-5.62%
Housing	135,965	137,365	145,860	148,778	9.42%	148,778	148,778	148,778	151,754	2.00%
Bus. and Econ. Development	147,897	149,297	162,825	166,082	12.30%	155,000	155,000	155,000	158,000	1.94%
Environment	134,645	136,045	132,600	135,252	0.45%	135,252	115,356	141,026	143,847	6.35%
Juvenile Services	140,854	142,254	153,000	156,060	10.80%	156,060	156,060	150,162	153,166	-1.85%
State Police	128,160	129,560	162,825	166,082	29.59%	166,082	166,082	155,000	158,100	-4.81%

Source: Budget Bill Executive Pay Plan for Cabinet Secretaries, adjusted for Constitutional Officers and Judiciary when compensation commissions have met after session.

Exhibit 20
Local Legislative Salaries
Fiscal 2014

County	County Council or Commissioners	President, County Board/Council, or Commissioner
Talbot	$14,400	$15,400
Caroline	15,000	16,000
Kent	15,000	15,000
Somerset	15,000	17,000
Dorchester	16,000	17,000
Wicomico	16,000	18,000
Queen Anne's	19,000	19,000
Cecil	25,000	25,000
Worcester	25,000	25,000
Washington	30,000	33,000
Alleghany	30,799	32,781
Garrett	32,500	32,500
Anne Arundel	36,000	40,500
Harford	36,210	39,718
St. Mary's	38,000	43,000
Calvert	42,000	44,500
Carroll	45,000	45,000
Frederick	45,000	45,000
Charles	48,000	58,000
Baltimore County	54,000	60,000
Howard	54,600	55,600
Baltimore City	61,383	105,535
Prince George's	102,486	107,486
Montgomery	104,022	114,425
Median	**34,250**	**36,359**

Source: Maryland Association of Counties

Exhibit 21

City and County Council Salaries

Fiscal 2002-2014

	2002	2006	2010	2014	% Change 2010-2014
Anne Arundel County					
Member	$28,660	$36,000	$36,000	$36,000	0.0%
Chairman	33,000	40,500	40,500	40,500	0.0%
Baltimore City					
Member	48,000	48,000	58,425	61,383	5.1%
President	80,000	88,000	100,450	105,535	5.1%
Baltimore County					
Member	38,500	45,000	54,000	54,000	0.0%
Chairman	43,000	50,000	60,000	60,000	0.0%
Harford County					
Member	18,500	31,000	34,205	36,210	5.9%
Chairman	20,000	34,000	37,205	39,718	6.8%
Howard County					
Member	33,800	33,800	52,892	54,600	3.2%
Chairman	34,800	34,800	53,892	55,600	3.2%
Montgomery County					
Member	65,674	76,654	94,353	104,022	10.2%
Chairman	72,242	84,320	103,786	114,425	10.3%
Prince George's County					
Member	56,858	73,000	97,087	102,486	5.6%
Chairman	59,403	78,000	102,087	107,486	5.3%

Source: Maryland Association of Counties

Exhibit 22

Mayor and County Executive Salaries

Fiscal 2002-2014 Period

	2002	2006	2010	2014	% Change 2010-2014
Anne Arundel County	$99,000	$105,612	$130,000	$130,000	0.0%
Baltimore City	125,000	125,000	151,700	159,380	5.1%
Baltimore County	105,000	125,000	150,000	150,000	0.0%
Harford County	65,000	90,000	99,317	105,136	5.9%
Howard County	98,500	136,717	158,675	163,482	3.0%
Montgomery County	120,837	158,285	175,000	180,250	3.0%
Prince George's County	105,508	135,000	174,539	180,474	3.4%

Source: Maryland Association of Counties

Exhibit 23
Local Government Salary Actions in Fiscal 2014

	County Government Generally		Board of Education Teachers	
County	**COLA/GSI**	**Step/Merit**	**COLA/GSI**	**Step/Merit**
Allegany[1]	3.0%	No	0.0%	Yes
Anne Arundel[2]	3.0%	Yes	1.0%	Yes
Baltimore City[3]	Most Groups Pending	Most Groups Pending	Pending	Pending
Baltimore[4]	Varies	Yes	0.0%	Yes
Calvert[5]	1.0%	Yes	3.5%	Yes
Caroline[6]	1.0%	No	0.0%	Yes
Carroll[7]	1.5%	Yes	0.0%	No
Cecil	1.5%	No	1.8%	Yes
Charles	2.0%	Yes	0.0%	Yes
Dorchester	1.0%	No	0.0%	Yes
Frederick	1.0%	Yes	0.0%	Yes
Garrett	0.0%	No	0.0%	2 Steps
Harford	0.0%	No	0.0%	No
Howard[8]	2.0%	Yes	0.0%	Yes
Kent	$2,000	No	0.0%	No
Montgomery[9]	3.25%	Yes	0.0%	Yes
Prince George's[10]	Some Groups Pending	Some Groups Pending	3.0%	Yes
Queen Anne's[11]	3.0%	No	1.0%	Yes
St. Mary's[12]	0.0%	2 Steps	0.0%	Yes
Somerset[13]	0.0%	No	1.0%	Yes
Talbot[14]	3.0%	Yes	0.0%	Yes
Washington[15]	0.0%	No	0.0%	Yes
Wicomico	1.7%	No	1.0%	Yes
Worcester[16]	2.0%	No	0.0%	Yes
Number Granting	**16**	**10**	**7**	**20**

COLA: cost-of-living adjustment
GSI: general salary increase

[1] Most Allegany County employees will receive a 3.0% COLA; transit employees will receive an increase of $0.35 per hour; and sheriff negotiations are pending.

[2] Anne Arundel County nonrepresented employees, except uniformed police, will receive a 2.0% COLA in January 2014 and a 2.0% COLA in April 2014; detention officers and sergeants will receive a 2.0% COLA in January 2014 and a 1.0% COLA in April 2014; all other employees will receive a 3.0% COLA in January 2014. All employees, except police who are on a new scale, receive a 3.0% merit increase. Anne Arundel County Public Schools teachers receive a 1.0% COLA on July 1, 2013, and a step increase January 22, 2014; administrators and supervisors receive a 1.0% COLA and 2 steps effective July 1, 2013; American Federation of State, County and Municipal Employees (AFSCME) receive 2.0% effective January 1, 2014; Secretaries and Assistants Association of Anne Arundel County receive 1.5% effective July 1, 2013, and 1 step mid-year; and nonunion employees receive 3.0% effective July 1, 2013.

[3] Baltimore City fire suppression employees will receive a 14.0% increase for new schedule on January 1, 2014; other fire employees receive a 2.0% COLA; both groups receive a step increase; Baltimore City is still negotiating with other employee groups. Baltimore City Public Schools teachers, administrators, and supervisors are still negotiating. The City Union of Baltimore members receive a 1.4% COLA; L44 members receive 2.1%; and paraprofessionals and school-related personnel receive 1.75%; most employees also will receive an interval increase.

[4] Baltimore County is still in negotiations with police officers. AFSCME employees received a 3.0% COLA on July 1, 2013.

[5] Calvert County Public Schools teachers are repositioned on compressed salary scales, then receive a 1 step increase and a 1.0% COLA, resulting in average GSI of 3.5%. Teachers on top step receive pensionable salary adjustment of 1.0% for fiscal 2014 that will not be incorporated into the base. Similar for support staff and supervisors and administrators, except that supervisors and administrators at top step receive pensionable salary adjustment of 1.5%.

[6] Caroline County State's Attorney and circuit court employees will not receive the 1.0% GSI.

[7] Carroll County Public Schools employees receive a 2.5% bonus.

[8] All Howard County employees will receive a 2.0% COLA January 1, 2014.

[9] Most Montgomery County employees receive a 3.25% general wage adjustment and, except management and medical doctors, a 3.5% service increment; firefighters receive a 2.75% general wage adjustment, police receive 2.1%, fire and police management also receive catch up increments; and seasonal employees receive a $0.50/hour increase. While Montgomery County Public Schools employees in general will not receive a COLA, employees that did not receive a merit step or longevity increase will receive a 2.0% GSI.

[10] Increases for Prince George's County correctional officers, police, deputy sheriffs, fire/EMS, police, and sheriff civilian employees not determined at this time; AFSCME employees receive an increase of 2.5% effective July 1, 2013, and 2.5% effective March 1, 2014; firefighters receive a 3.5% merit increase, but no COLA; other employees in general receive a 2.5% COLA effective August 25, 2013, and a 2.5% COLA effective March 9, 2014. Prince George's County Public Schools teachers will receive a delayed step increase on January 1, 2014; Association of Classified Employees/AFSCME members receive a 3.0% COLA and a step increase; Service Employees International Union members receive a 2.0% COLA and a step increase; administrators, supervisors, and other professional positions are still in negotiations.

[11] Queen Anne's County Public Schools certificated and support employees that did not receive the step increase will receive an additional 1.0% increase; administrators and supervisors will not receive the step increase.

[12] St. Mary's County employees at top of grade receive a $800 stipend in lieu of step increases. St. Mary's County Public Schools teachers and classified/noncertificated employees receive a step and step recovery or $800 stipend if no step increase; administrators are on a new salary scale and receive $800 if no increase.

[13] Somerset County Public Schools employees will receive a step increase in January 2014.

[14] Talbot County Public Schools 180-day staff will receive a $100 stipend in lieu of one day reduction in calendar days.

[15] While Washington County Public Schools employees in general will not receive a COLA, teachers in the top 2 steps receive a 0.5% increase; teachers, education support personnel, and administrators and supervisors receive a step increase; teachers in the top step receive a one-time stipend of $375; and education support personnel, administrators, and supervisors in the top step receive a 1.0% stipend.

[16] Worcester County Public Schools employees will receive a 1.0% increase if beyond step.

Source: Department of Legislative Services

Exhibit 24

Income Levels for Maryland's Jurisdictions

Median Household Income and Per Capita Personal Income

County	CY 2011 Median Household	Percent of State	Rank	CY 2011 Per Capita Personal	Percent of State	Rank
Allegany	$38,504	54.9%	22	$32,855	64.9%	22
Anne Arundel	82,980	118.4%	5	56,270	111.1%	3
Baltimore City	38,478	54.9%	22	42,036	83.0%	15
Baltimore	62,309	88.9%	12	50,926	100.5%	5
Calvert	88,406	126.2%	4	47,483	93.7%	8
Caroline	50,809	72.5%	16	32,819	64.8%	23
Carroll	82,553	117.8%	6	45,507	89.8%	10
Cecil	61,191	87.3%	13	39,689	78.4%	17
Charles	88,575	126.4%	3	44,778	88.4%	12
Dorchester	41,936	59.8%	20	34,771	68.6%	21
Frederick	77,872	111.1%	8	46,610	92.0%	9
Garrett	41,829	59.7%	21	38,463	75.9%	18
Harford	77,095	110.0%	9	49,329	97.4%	7
Howard	99,040	141.3%	1	66,300	130.9%	2
Kent	49,795	71.1%	17	44,489	87.8%	13
Montgomery	92,288	131.7%	2	69,762	137.7%	1
Prince George's	70,114	100.1%	11	40,215	79.4%	16
Queen Anne's	75,158	107.3%	10	49,605	97.9%	6
St. Mary's	80,943	115.5%	7	44,849	88.5%	11
Somerset	35,426	50.6%	24	28,387	56.0%	24
Talbot	55,145	78.7%	14	55,721	110.0%	4
Washington	52,028	74.2%	15	37,008	73.1%	19
Wicomico	45,788	65.3%	19	34,985	69.1%	20
Worcester	48,472	69.2%	18	43,987	86.8%	14
Maryland	**$70,075**	**100.0%**		**$50,656**	**100.0%**	

CY: calendar year

Source: Department of Legislative Services

Exhibit 25
Legislator Salary and Fringe Benefits by Year of Service

Years of Service	4	8	12	16	20	24+
Benefits While Serving						
Salary	**$43,500**	**$43,500**	**$43,500**	**$43,500**	**$43,500**	**$43,500**
Less						
Retirement Contribution (5.0%)	-$2,175	-$2,175	-$2,175	-$2,175	-$2,175	$0
BC/BS PPO (Member and Spouse)	-2,057	-2,057	-2,057	-2,057	-2,057	-2,057
Prescription Drug (Non-retiree)	-799	-799	-799	-799	-799	-799
Dental PPO	-279	-279	-279	-279	-279	-279
Subtotal	***-$5,310***	***-$5,310***	***-$5,310***	***-$5,310***	***-$5,310***	***-$3,135***
Adjusted Salary	**$38,190**	**$38,190**	**$38,190**	**$38,190**	**$38,190**	**$40,365**
Fringe Benefits (Assumes No Medicare)						
Employer Retirement Subsidy (18.3%)	$7,961	$7,961	$7,961	$7,961	$7,961	$7,961
Employer Health Insurance Subsidy	8,228	8,228	8,228	8,228	8,228	8,228
Employer Prescription Drug Subsidy	3,197	3,197	3,197	3,197	3,197	3,197
Employer Dental PPO	279	279	279	279	279	279
Total Fringe Benefits	**$19,665**	**$19,665**	**$19,665**	**$19,665**	**$19,665**	**$19,665**
Total Fringes and Salary	**$57,854**	**$57,854**	**$57,854**	**$57,854**	**$57,854**	**$60,029**
Benefits Upon Retirement						
Retirement Income	**$0**	**$10,440**	**$15,660**	**$20,880**	**$26,100**	**$29,001**
Less						
Retiree Health Insurance Premium with Medicare (BC/BS PPO for Member and Spouse)		-$3,428	-$2,286	-$1,143	-$1,143	-$1,143
Retiree Prescription Drug Premium with Medicare		-1,773	-1,241	-709	-709	-709
Retiree Premium Dental PPO		-419	-349	-279	-279	-279
Total		**-$5,620**	**-$3,876**	**-$2,131**	**-$2,131**	**-$2,131**
Adjusted Income		**$4,820**	**$11,784**	**$18,749**	**$23,969**	**$26,870**
Retiree Health Benefit Subsidy						
Retiree Health Insurance Premium with Medicare (BC/BS PPO for Member and Spouse)		$2,286	$3,428	$4,571	$4,571	$4,571
Retiree Prescription Drug Premium with Medicare		1,064	1,596	2,127	2,127	2,127
Retiree Premium Dental PPO		140	209	279	279	279
Subtotal		***$3,489***	***$5,233***	***$6,978***	***$6,978***	***$6,978***
Total Retirement Benefit		**$8,309**	**$17,018**	**$25,727**	**$30,947**	**$33,848**

BC/BS: BlueCross/BlueShield
PPO: Preferred Provider Organization

Source: Department of Legislative Services

Exhibit 26

Medical Insurance for Legislators

(Payroll Ending July 31, 2013)

	Health		Prescription		Dental	
	Members	**% of Total Chamber**	**Members**	**% of Total Chamber**	**Members**	**% of Total Chamber**
Participation						
Senate	35	74%	34	72%	29	62%
House	100	71%	99	70%	93	66%
Total	**135**	**72%**	**133**	**71%**	**122**	**65%**
Coverage Levels						
Senate						
Individual	7	15%	7	15%	8	17%
2 or more	28	60%	27	57%	21	45%
Total	**35**	**74%**	**34**	**72%**	**29**	**62%**
House						
Individual	27	19%	27	19%	24	17%
2 or more	73	52%	72	51%	69	49%
Total	**100**	**71%**	**99**	**70%**	**93**	**66%**
Combined						
Individual	34	18%	34	18%	32	17%
2 or more	101	54%	99	53%	90	48%
Total	**135**	**72%**	**133**	**71%**	**122**	**65%**

Health Subsidy

$315.82 - $380.93 per month for single coverage.

$598.47 - $952.35 per month for 2 or more.

Prescription Subsidy

$162.52 per month for single coverage.

$266.42 - $321.05 per month for 2 or more.

Dental Subsidy

$7.65 - $11.63 per month for single coverage.

$15.33 - $43.60 per month for 2 or more.

Source: Department of Legislative Service, October 2013

Exhibit 27
Options for Catch-up

	Consumer Price Index 2007-2014 (10.2%)	State Employee Cumulative Total Salary Compensation 2007-2014 Above That of State Legislators at Comparable Salary (11.2%)	State Employee Cumulative General Salary Increase 2007-2014 (12.0%)	Maryland Personal Income 2007-2014 (17.7%)	State Employee Salary Increase 2007-2014 Unadjusted for Reductions (22.0%)
Legislators					
2014	$43,500	$43,500	$43,500	$43,500	$43,500
2015	44,609	44,718	44,805	45,425	45,893
2016	45,719	45,936	46,110	47,350	48,285
2017	46,828	47,154	47,415	49,275	50,678
2018	47,937	48,372	48,720	51,200	53,070
Total Increase	**$4,437**	**$4,872**	**$5,220**	**$7,700**	**$9,570**
Annual Increase	**$1,109**	**$1,218**	**$1,305**	**$1,925**	**$2,393**
Total % Increase	**10.2%**	**11.2%**	**12.0%**	**17.7%**	**22.0%**
Presiding Officers					
2014	$56,500	$56,500	$56,500	$56,500	$56,500
2015	57,941	58,082	58,195	59,000	59,608
2016	59,382	59,664	59,890	61,500	62,715
2017	60,822	61,246	61,585	64,000	65,823
2018	62,263	62,828	63,280	66,501	68,930
Total Increase	**$5,763**	**$6,328**	**$6,780**	**$10,001**	**$12,430**
Annual Increase	**$1,441**	**$1,582**	**$1,695**	**$2,500**	**$3,108**
Total % Increase	**10.2%**	**11.2%**	**12.0%**	**17.7%**	**22.0%**
Annual Fiscal Impact (Including Fringes)	**$262,758**	**$288,518**	**$309,127**	**$455,962**	**$566,732**

Source: Department of Legislative Services

Exhibit 28
Options for Catch-up Plus Out-year (2015-2018 Estimate of Consumer Price Index)

	Consumer Price Index (CPI) 2007-2014 (10.2%) + 5.5% Forecast CPI	State Employee Cumulative Total Salary Compensation 2007-2014 Above That of State Legislators at Comparable Salary (11.2%) + 5.5% Forecast CPI	State Employee Cumulative General Salary Increase 2007-2014 (12.0%) + 5.5% Forecast CPI	Maryland Personal Income 2007-2014 (17.7%) + 5.5% Forecast CPI	State Employee Salary Increase 2007-2014 Unadjusted for Reductions (22.0%) + 5.5% Forecast CPI
Legislators					
2014	$43,500	$43,500	$43,500	$43,500	$43,500
2015	45,207	45,316	45,403	46,023	46,491
2016	46,915	47,132	47,306	48,546	49,481
2017	48,622	48,948	49,209	51,069	52,472
2018	50,330	50,765	51,113	53,592	55,463
Total Increase	**$6,830**	**$7,265**	**$7,613**	**$10,092**	**$11,963**
Annual Increase	**$1,707**	**$1,816**	**$1,903**	**$2,523**	**$2,991**
Total % Change	**15.7%**	**16.7%**	**17.5%**	**23.2%**	**27.5%**
Presiding Officers					
2014	$56,500	$56,500	$56,500	$56,500	$56,500
2015	58,718	58,859	58,972	59,777	60,384
2016	60,935	61,218	61,444	63,054	64,269
2017	63,153	63,577	63,916	66,331	68,153
2018	65,371	65,936	66,388	69,608	72,038
Total Increase	**$8,871**	**$9,436**	**$9,888**	**$13,108**	**$15,538**
Annual Increase	**$2,218**	**$2,359**	**$2,472**	**$3,277**	**$3,884**
Total % Change	**15.7%**	**16.7%**	**17.5%**	**23.2%**	**27.5%**
Annual Fiscal Impact (Including Fringes)	**$404,441**	**$430,201**	**$450,810**	**$597,645**	**$708,415**

Source: Department of Legislative Services

Exhibit 29

In-state Expense Reimbursements

Fiscal 2010-2013

	FY 2010		FY 2011		FY 2012			FY 2013		
	Session	***Interim***	***Session***	***Interim***	***Session***	***Special***	***Interim***	***Session***	***Special***	***Interim***
Lodging	$1,683,054	$0	$1,359,657	$989	$1,341,569	$21,799	$101	$1,357,245	$4,640	$246
% Change from Prior Year			-19.2%	n/a	-1.3%	n/a	-89.8%	1.2%	n/a	5.13%
Meals	420,262	12,080	434,362	4,850	420,248	31,373	8,180	434,201	10,435	7,628
% Change from Prior Year			3.4%	-58.9%	-3.3%	n/a	68.7%	3.3%	n/a	-6.8%
Mileage	152,475	37,995	159,889	16,232	181,886	32,829	30,617	184,442	16,474	26,013
% Change from Prior Year			4.9%	-57.3%	13.8%	n/a	88.6%	1.4%	n/a	-15.0%
Miscellaneous		0		8			0			
Total	**$2,255,791**	**$50,075**	**$1,953,908**	**$22,071**	**$1,943,711**	**$86,001**	**$38,898**	**$1,975,888**	**31,549**	**$33,757**
% Change from Prior Year			**-13.4%**	**-55.9%**	**-0.5%**	**n/a**	**76.2%**	**1.7%**	**n/a**	**-13.2%**

FY: fiscal year

Note: There were two special sessions in fiscal 2012.

Source: Department of Legislative Services, September 2013

Exhibit 30
Per Diem Lodging Rates
90-day Rentals

2009 and 2013 General Assembly Sessions

	2009		2013	
Lodging	***Rates***	***# of Legislators***	***Rates***	***# of Legislators***
Historic Inns	$126	30	$101	22
Loews Annapolis	126	22	101	27
Annapolis Marriott Waterfront	126	30	101	20
Residence Inn by Marriott	126	3	101	8
Sheraton Barcelo	126	11	101	7
Hampton Inn & Suites	89	1	83-101	1
Double Tree			101	1
O'Callahan	126	4	101	4
Westin	126	15	101	28
Apt./House/Condo	100-126	40	101	28
Occasional Lodging	126	7	101	20
No Submission for Lodging		25		22
Total		**188**		**188**

Source: Department of Legislative Services, September 2013

Exhibit 31

Meal Claims of Legislators for the 2010 through 2013 Sessions of the Maryland General Assembly

	2010		2011		2012		2013	
Meal Limit	**#**	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Claimed 100% of daily limit	152	81%	151	80%	147	78%	147	78%
Claimed 76-99% of daily limit	16	9%	14	7%	13	7%	17	9%
Claimed 51-75% of daily limit	4	2%	8	4%	6	3%	6	3%
Claimed 26-50% of daily limit	3	2%	2	1%	1	1%	1	1%
Claimed 1-25% of daily limit	0	0%	1	1%	1	1%	0	0%
Claimed 0% of daily limit	13	7%	12	6%	20	11%	17	9%
Total	**188**	**100%**	**188**	**100%**	**188**	**100%**	**188**	**100%**

Notes: Total may not sum to 100% due to rounding. Meal limit was $39 per diem in the 2010 session; $41 per diem in the 2011 and 2012 sessions; and $42 per diem in the 2013 session.

Source: Department of Legislative Services, September 2013

Exhibit 32

Out-of-state Travel Costs

Fiscal 2010-2013

	2010	Trip Average	2011	Trip Average	2012	Trip Average	2013	Trip Average
Meals and Lodging	$11,108	$370	$8,438	$216	$17,358	$395	$20,342	$283
Transportation	5,418	181	4,952	127	13,881	315	12,637	176
Registrations	7,751	258	9,159	235	10,423	237	16,674	232
Total	**$24,277**	**$809**	**$22,549**	**$578**	**$41,662**	**$947**	**$49,653**	**$690**
Members (Cumulative)	30		39		44		72	

Note: Numbers may sum to total due to rounding.

Source: Department of Legislative Services, September 2013

Exhibit 33

Summary of Legislative Out-of-state Travel Costs

Fiscal Year	Out-of state Travel Costs
1991	$97,475
1992	60,677
1993	20,070
1994	27,963
1995	48,969
1996	94,058
1997	82,687
1998	94,704
1999	93,565
2000	167,115
2001	175,484
2002	221,340
2003	150,334
2004	191,254
2005	154,532
2006	171,929
2007	96,507
2008	170,080
2009	150,428
2010	24,277
2011	22,549
2012	41,662
2013	49,653
2014 Budget	261,000

Source: Department of Legislative Services, September 2013

Exhibit 34

General Services Administration Out-of-state Travel Reimbursement Rates for Various Cities

Fiscal 2014

	GSA/Federal Per Diem 2014		
City	Lodging	Meals and Inc. Exp.	Total
Atlanta	$133	$56	$189
Baltimore	147	71	218
Boston	237	71	308
Chicago	209	71	280
Cleveland	111	56	167
Dallas	123	71	194
Denver	156	66	222
Detroit	100	56	156
Houston	133	71	204
Los Angeles	133	71	204
Nashville	122	66	188
New Orleans	151	71	222
New York	303	71	374
Philadelphia	163	66	229
Sacramento	102	61	163
San Francisco	226	71	297
Seattle	152	71	223
Washington, DC	224	71	295
18-city Average	**$163**	**$67**	**$230**

GSA: General Services Administration

Note: For GSA/Federal per diem data, seasonal rates apply for Baltimore, Boston, Chicago, Dallas, New Orleans, New York (Manhattan rates), Philadelphia, San Francisco, and Washington DC. In this exhibit, the highest rate is shown.

Source: U.S. General Services Administration (http://www.gsa.gov/portal/content/104877 accessed October 2013; Department of Legislative Services

Exhibit 35
Accrued Retirement Service Credits of Active Maryland Legislators

	Years of Creditable Service						
	0 - 4	4 - 8	8 - 12	12 - 16	16 - 20	20 - 22.25	22.25+
Number of Members	33	37	44	15	23	5	28
Average Age	46.9	50.2	55.6	56.9	63.6	70	69.3
Maximum Retirement Benefit	n/a	n/a	24 – 36%	36 – 48%	48 – 60%	60 – 66.67%	66.67%

	Years of Creditable Service					
	Up to 8	8 - 12	12 - 16	16 - 20	20 - 22.25	22.25+
Full Service Retirement[1]	13	16	5	17	5	25
Reduced Service Retirement[2]	17	18	7	4	0	3
Vested Allowance	2	38	6	0	0	1

[1] Full Service Retirement payable at age 60 with a minimum of eight years of service.
[2] Reduced Service Retirement payable as early as age 50.

Source: State Retirement Agency; Department of Legislative Services, September 2013

Exhibit 36

Retirement Status of Retired Maryland Legislators by Plan

	Number	Average Age	Average Monthly Benefit	Average Years of Service
2002 Plan				
Retiree	174	73.8	$1,447.78	14.3
Beneficiary	57	83.2	766.91	n/a
Bifurcated Plan				
Retiree	0	n/a	n/a	n/a
Beneficiary	2	98.5	$314.98	n/a
1966 Plan				
Retiree	9	82.2	$775.78	13.1
Beneficiary	13	88.8	352.33	n/a

Source: State Retirement Agency; Department of Legislative Services, September 2013

Exhibit 37

Major Components of the 2011 Pension Reform in Maryland

Overview

- During the 2011 session, the General Assembly passed comprehensive pension reform that affected pension benefits for almost all current and future State employees. The reforms did not affect individuals who were already retired.

- Pension reform was necessary to address two issues with regard to public employee pensions: the long-term sustainability of the State's pension plans and the affordability of the State's contributions to those plans.

- Pension reform made changes to various elements of the following State pension plans: the Employees' Pension System, the Teachers' Pension System, the State Police Retirement System, the Law Enforcement Officers' Pension System, and the Correctional Officers' Retirement System.

- Pension reform did not make changes to the Legislative Pension Plan for members of the General Assembly, the pension plan for the Governor, or the Judges' Retirement System because the salary and benefits for these individuals is set through a compensation commission process.

- However, the legislation that enacted the 2011 pension reform included a provision that requires the compensation commissions for the General Assembly, the Governor, and the Judiciary to take into account the sustainability of the pension systems and include specific recommendations in their reports concerning appropriate benefit and member contribution levels.

- During the 2012 session, legislation was passed that made changes to the contribution rate and the vesting period for certain members of the Judges' Retirement System.

- As described below, pension reform made changes to employee contributions, benefit multipliers, eligibility requirements, average final compensation, cost-of-living adjustments (COLA), and retiree health eligibility. (For additional information, see Exhibit 3.)

Employee Contributions

- Pension reform increased the percentage of the amount of an employee's salary that the employee must contribute in certain pension plans.

- Employees in the Employees' Pension System, the Teachers' Pension System, and the Law Enforcement Officers' Pension System pay an increased contribution rate as of July 1, 2011.

- Employees in the Judges' Retirement System pay an increased contribution rate as of July 1, 2012.

- The employee contribution rate remained the same for the State Police Retirement System, the Correctional Officers' Retirement System, the Legislative Pension Plan, and the Governor's Pension Plan.

Benefit Multipliers

- Pension reform decreased the benefit multiplier for employees hired on or after July 1, 2011, in the Employees' Pension System and the Teachers' Pension System.

- These employees have a benefit multiplier of 1.5% of salary whereas employees in those systems that were hired on or before June 30, 2011, have a benefit multiplier of 1.8%.

- The benefit multiplier remained the same for all other systems.

Eligibility Requirements

- Pension reform increased certain eligibility requirements to receive a retirement allowance from certain State pension plans.

- The time period required for an employee to vest in the pension system was increased in the Employees' Pension System, the Teachers' Pension System, the State Police Retirement System, the Law Enforcement Officers' Pension System, the Correctional Officers' Retirement System, and the Judges' Retirement System.

- Vesting requirements remained the same in the Legislative Pension Plan and the Governor's Pension Plan.

- The age at which employees are eligible to retire with a normal service retirement allowance or an early retirement allowance was increased in the Employees' Pension System, the Teachers' Pension System, and the State Police Retirement System.

- Retirement age requirements remained the same in the Correctional Officers' Retirement System, the Legislative Pension Plan, the Governor's Pension Plan, and the Judges' Retirement System.

Average Final Compensation

- Pension reform increased the number of consecutive years over which certain employees' average final compensation (AFC) is calculated.

- The AFC used to calculate retirement allowances for members of the Employees' Pension System, the Teachers' Pension System, the State Police Retirement System, the Law Enforcement Officers' Pension System, and the Correctional Officers' Retirement System who are hired on or after July 1, 2011, will be based on the five consecutive years that provide the highest average compensation, rather than three years. (For members of the State Police Retirement System and the Correctional Officers' Retirement System, the five years do not need to be consecutive.)

- Since an employee tends to earn less in earlier years of employment, requiring the AFC to be calculated using a longer time period will typically result in a lower AFC.

Cost-of-living Adjustments

- Pension reform decreased the amount of COLAs for future retirees of all systems except for the Legislative Pension Plan, the Judges' Retirement System, and the Governor's Pension Plan.

- All active employees of the other State systems now have COLAs that are linked to the performance of the State's pension system investments.

- For service credits earned after June 30, 2011, the COLA will be linked to the performance of the investment portfolio. If the portfolio earns its actuarial target rate, the COLA is subject to a 2.5% cap. If the portfolio does not earn the target rate, the COLA is subject to a 1.0% cap.

- In addition, the maximum amount of an annual COLA that a future retiree may receive was reduced from the previous 3.0% cap to a 2.5% cap.

Retiree Health Eligibility

- For all systems except the Legislative Pension Plan and the Judges' Retirement System, pension reform increased the number of years employees must work in order to qualify for a State retiree health insurance subsidy and increased the number of years an employee must work to receive the maximum State subsidy.

- Employees hired on or before June 30, 2011, must have 5 years of service to qualify for a State retiree health insurance subsidy of 1/16 per year and must have 16 years of service to qualify for the full subsidy; however, employees hired on or after July 1, 2011 must have 10 years of service to qualify for a State retiree health insurance subsidy of 1/25 per year and must have 25 years of service to qualify for the full subsidy.

Source: Department of Legislative Services

Exhibit 38
Comparison of Maryland State Retirement and Pension Plans

	General Assembly	Governor	Judges	Employees and Teachers Pension Systems[1]	State Police	Law Enforcement Officers' System	Correctional Officers' System
Participation	Optional	Automatic	Condition of employment	Condition of employment	Condition of employment	Condition of employment	Condition of employment
Vesting							
Hired on or Before 6/30/11	8 years of service	One full term	Immediate	5 years of service	5 years of service	5 years of service	5 years of service
Hired on or After 7/1/11; or Judges Hired on or After 7/1/12	*No change*	*No change*	*5 years of service*	*10 years of service*	*10 years of service*	*10 years of service*	*10 years of service*
Employee Contributions[2]	5.0% of salary, for 22 years, 3 months	None	8.0% of salary, for 16 years (was 6.0%)	7.0% of salary (was 5.0%)	8.0% of salary	7.0% of salary (was 4.0%)	5.0% of salary
Service Retirement Conditions							
Hired on or Before 6/30/11	Age 60; or age 50 with 8 years, reduced benefit	Age 55	Age 60	Age 62 or 30 years of service; or age 55 with 15 years, reduced benefit	Age 50 or 22 years of service	Age 50 or 25 years of service	20 years of service, with at least the last 5 years as a correctional officer

	General Assembly	Governor	Judges	Employees and Teachers Pension Systems[1]	State Police	Law Enforcement Officers' System	Correctional Officers' System
Hired on or After 7/1/11; or Judges Hired on or After 7/1/12	*No change*	*No change*	*Age 60 with 5 years of service*	*Age 65 with 10 years of service or Rule of 90[3]; or age 60 with 15 years, reduced benefit*	*Age 50 or 25 years of service*	*No change*	*No change*
Allowance							
Hired on or Before 6/30/11	3.0% of current legislative salary per year of service	1/3 of current annual salary for one term; or 1/2 of current annual salary for two terms	2/3 of active judge salary at 16 years	1.2% of salary for years of service prior to 7/1/98; plus 1.8% of salary for years of service on or after 7/1/98 (calculated on highest 3 consecutive years of salary)	2.55% per year of service (calculated on highest 3 years of salary)	2.0% per year if subject to the LEOPS modified pension benefit; otherwise 2.3% for first 30 years and 1.0% for each year thereafter (calculated on highest 3 consecutive years of salary)	1.8% per year of service (calculated on highest 3 years of salary)
Hired on or After 7/1/11	*No change*	*No change*	*No change*	*1.5% of salary (calculated on highest 5 consecutive years of salary)*	*Calculated on highest 5 years of salary*	*Calculated on highest 5 consecutive years of salary*	*Calculated on highest 5 years of salary*

	General Assembly	Governor	Judges	Employees and Teachers Pension Systems[1]	State Police	Law Enforcement Officers' System	Correctional Officers' System
Post Retirement Adjustments[4]							
Service Credit Earned on or Before 6/30/11	Based on salary of active legislators	Based on salary of current Governor	Based on salary of active judges	Limited to 3.0% of initial benefit	Unlimited annual cost-of-living adjustment (COLA)	Limited to 3.0% of initial benefit	Unlimited annual COLA
Service *Credit Earned on or After 7/1/11*	*No change*	*No change*	*No change*	*Limited to 2.5% in any year the system earns the assumed rate of return; otherwise limited to 1.0%*	*Limited to 2.5% in any year the system earns the assumed rate of return; otherwise limited to 1.0%*	*Limited to 2.5% in any year the system earns the assumed rate of return; otherwise limited to 1.0%*	*Limited to 2.5% in any year the system earns the assumed rate of return; otherwise limited to 1.0%*
Ordinary Disability Retirement							
Conditions	Active legislator must have 8 years of service and be certified disabled by the BOT medical board	General Assembly adopts resolution by 3/5th vote that Governor is unable to perform duties of office due to physical or mental disability	Incapacitated for duty	Incapacitated for duty after 5 years eligibility service	Incapacitated for duty after 5 years eligibility service	Incapacitated for duty after 5 years eligibility service	Incapacitated for duty after 5 years eligibility service
Allowance	3.0% of current legislative salary per year of service	If in first term, 1/3 of current annual salary; if in second term, 1/2 of current salary	Service retirement with minimum of 33.3% of salary	Service retirement projected to age 62	Service retirement with minimum of 35.0% of salary	Service retirement projected to age 50	Service retirement with minimum of 25.0% of salary

	General Assembly	Governor	Judges	Employees and Teachers Pension Systems[1]	State Police	Law Enforcement Officers' System	Correctional Officers' System
Accidental Disability Retirement							
Conditions	Not applicable	Not applicable	Not applicable	Permanently and totally disabled by accident in the performance of duty	Permanently and totally disabled by accident in the performance of duty	Permanently and totally disabled by accident in the performance of duty	Permanently and totally disabled by accident in the performance of duty
Allowance	Not applicable	Not applicable	Not applicable	2/3 of salary plus annuity based on member contributions	2/3 of salary plus annuity based on member contributions	2/3 of salary plus annuity based on member contributions	2/3 of salary plus annuity based on member contributions

BOT: Board of Trustees for the State Retirement and Pension System
LEOPS: Law Enforcement Officers' Pension System

[1] The Employees' and Teachers' Retirement Systems are not shown because the systems closed to new members as of December 31, 1979.
[2] Employee contributions for judges were increased to 8% as of July 1, 2012; contributions for employees and teachers were increased to 7% as of July 1, 2011; and contributions for LEOPS members were increased to 6% as of July 1, 2011 and 7% as of July 1, 2012.
[3] Rule of 90: The sum of an employee's age and years of service must equal 90 or more.
[4] Other post-retirement adjustment formulas apply to retirees who retired on or before June 30, 2011, retirees of the Employees' and Teachers' Retirement Systems, and retirees who chose various selection options.

Source: Department of Legislative Services, September 2013

Exhibit 39
Comparison of Benefits Between a Legislator and State Employee

Years of Service	Legislator (Current Resolution) 12	State Employee (Pre 2011 Reform) 12	State Employee (Post 2011 Reform) 12
Benefits While Serving			
Salary	**$43,500**	**$43,500**	**$43,500**
Less			
Retirement Contribution	-$2,175	-$3,045	-$3,045
BC/BS PPO for Spouse	-2,057	-2,057	-2,057
Prescription Drug (Non-retiree)	-799	-799	-799
Dental PPO	-279	-279	-279
Subtotal	***-$5,310***	***-$6,180***	***-$6,180***
Adjusted Salary	**$38,190**	**$37,320**	**$37,320**
Fringe Benefits (Assumes No Medicare)			
Employer Retirement Subsidy (18.3%)	$7,961	$7,961	$7,961
Employer Health Insurance Subsidy	8,228	8,228	8,228
Employer Prescription Drug Subsidy	3,197	3,197	3,197
Employer Dental PPO	279	279	279
Total Fringe Benefits	**$19,665**	**$19,665**	**$19,665**
Total Fringes and Salary	**$57,854**	**$56,984**	**$56,984**
Benefits Upon Retirement			
Retirement Income	**$15,660**	**$9,396**	**$7,830**
Less			
Retiree Health Insurance Premium with Medicare (BC/BS PPO for Member and Spouse)	-$2,286	-$2,286	-$3,520
Retiree Prescription Drug Premium with Medicare	-1,241	-1,241	-1,815
Retiree Premium Dental PPO	-349	-349	-424
Total	**-$3,876**	**-$3,876**	**-$5,760**
Adjusted Income	**$11,784**	**$5,520**	**$2,070**
Retiree Health Benefit Subsidy			
Retiree Health Insurance Premium with Medicare (BC/BS PPO for Member and Spouse)	$3,428	$3,428	$2,194
Retiree Prescription Drug Premium with Medicare	1,596	1,596	1,021
Retiree Premium Dental PPO	209	209	134
Subtotal	***$5,233***	***$5,233***	***$3,349***
Total Retirement Benefit	**$17,018**	**$10,754**	**$5,420**

BC/BS: BlueCross/BlueShield
PPO: Preferred Provider Organization

Source: Department of Legislative Services

Exhibit 40
State-by-state Comparison of Retirement Benefits
Ranked by Annual 20-year Benefit

			Contribution	12-year Benefit			20-year Benefit			
Ranking	**State**	**Salary**	**Rate**	**Annual**	**Monthly**	**% of Salary**	**Annual**	**Monthly**	**% of Salary**	**Annual Benefit Formula**
1	Illinois*	$ 67,836	11.50%	$30,526	$2,544	45.00%	$57,661	$4,805	85.00%	3.00 - 5.00% Capped at 85% of FAS
2	Texas[3]	7,200	8.00%	34,501	2,875	479.18%	57,502	4,792	798.64%	2.30%
3	Pennsylvania*	83,801	6.25%	30,168	2,514	36.00%	50,281	4,190	60.00%	3.00%
4	*PA* Reform*	83,801	9.30%	25,140	2,095	30.00%	41,901	3,492	50.00%	2.50%
5	*IL* Reform*	67,836	11.50%	30,526	2,544	45.00%	40,702	3,392	60.00%	3.00 - 5.00% Capped at 60% of FAS
6	Hawaii	46,273	0.00%	19,435	1,620	42.00%	32,391	2,699	70.00%	3.50%
7	New York*	79,500	3.00%	15,932	1,328	20.04%	31,800	2,650	40.00%	1.50 - 2.00%
8	Oklahoma	38,400	10.00%	18,432	1,536	48.00%	30,720	2,560	80.00%	4.00%
9	Massachusetts*	60,033	9.00%	18,010	1,501	30.00%	30,017	2,501	50.00%	2.50%
10	New Jersey*	49,000	5.00%	17,640	1,470	36.00%	29,400	2,450	60.00%	3.00% Capped at 66.67% of FAS
11	*HI Reform*	46,273	0.00%	16,658	1,388	36.00%	27,764	2,314	60.00%	3.00%
12	Ohio*	60,584	10.00%	15,994	1,333	26.40%	26,657	2,221	44.00%	2.20 - 2.50%
13	**Maryland**	**43,500**	**5.00%**	**15,660**	**1,305**	**36.00%**	**26,100**	**2,175**	**60.00%**	**3.00% Capped at 66.67% of salary of active legislators**
14	Indiana[1]	22,616	0.00%	22,616	1,885	100.00%	22,616	1,885	100.00%	1/12 of FAS
15	New Mexico	-	$600/year	13,548	1,129	0.00%	22,580	1,882	0.00%	$1,129 x yrs. of service
16	Alaska[1]	50,400	6.75%	12,348	1,029	24.50%	21,420	1,785	42.50%	2.00 - 2.50%
17	*Wisconsin* Reform*	49,943	2.60%	11,387	949	22.80%	19,872	1,656	39.79%	1.60% - 2.165%
18	Arizona	24,000	7.00%	11,520	960	48.00%	19,200	1,600	80.00%	4.00% Capped at 80% of FAS
19	Florida*	29,697	3.00%	10,691	891	36.00%	17,818	1,485	60.00%	3.00%
20	Washington	42,106	3.33%	10,105	842	24.00%	16,842	1,404	40.00%	1.00 - 2.00%
21	Minnesota[1]	31,141	9.00%	10,090	841	32.40%	16,816	1,401	54.00%	2.70%
22	Delaware	44,041	3.00%	9,777	815	22.20%	16,758	1,396	38.05%	1.85 - 2.00%
23	Tennessee	19,009	5.43%	10,080	840	53.03%	16,500	1,375	86.80%	$70/month x yrs. of service
24	*OK Reform*	38,400	3.50%	9,216	768	24.00%	15,360	1,280	40.00%	2.00%
25	Colorado	30,000	8.00%	9,000	750	30.00%	15,000	1,250	50.00%	2.50%

			Contribution	12-year Benefit			20-year Benefit			
Ranking	**State**	**Salary**	**Rate**	**Annual**	**Monthly**	**% of Salary**	**Annual**	**Monthly**	**% of Salary**	**Annual Benefit Formula**
26	*AZ Reform*	24,000	13.00%	8,640	720	36.00%	14,400	1,200	60.00%	3.00% Capped at 75% of FAS
27	Rhode Island[(2)]	14,640	-	7,200	600	49.18%	12,000	1,000	81.97%	$600/month x yrs. of service
28	Maine	23,513	7.65%	7,054	588	30.00%	11,757	980	50.00%	2.50%
29	South Carolina	12,000	10.00%	6,941	578	57.84%	11,568	964	96.40%	4.82%
30	North Carolina	13,951	7.00%	6,730	561	48.24%	11,217	935	80.40%	4.02%
31	Iowa	25,000	3.70%	6,000	500	24.00%	10,000	833	40.00%	2.00%
32	Georgia	17,342	3.75%	5,184	432	29.89%	8,640	720	49.82%	$36/month x yrs. of service
33	West Virginia	20,000	4.50%	4,800	400	24.00%	8,000	667	40.00%	2.00%
34	Connecticut	28,000	2.00%	4,469	372	15.96%	7,448	621	26.60%	0.05 - 1.33%
35	Oregon	22,260	0.00%	4,407	334	18.00%	6,678	557	30.00%	1.50%
36	Idaho	16,438	6.97%	3,945	329	24.00%	6,575	548	40.00%	2.00%
37	Arkansas	15,869	5.00%	3,809	317	24.00%	6,348	529	40.00%	2.00%
38	Virginia	18,000	8.91%	3,672	306	20.40%	6,120	510	34.00%	1.70%
39	Mississippi	10,000	7.25%	3,600	300	36.00%	6,000	500	60.00%	1.00 - 2.00%
40	Utah[(1)]	n/a	0.00%	3,571	298	n/a	5,952	496	n/a	$24.80/month x yrs. of service
41	Missouri	35,915	0.00%	1,496	125	4.17%	2,494	208	6.94%	(monthly pay/24) x yrs. of service
42	Nevada	n/a	15.00%	300	25	n/a	500	42	n/a	$25 x yrs. of service

FAS: final average salary

* Denotes state with full-time legislature.
[(1)] The following states offer a defined benefit plan to legislators elected before a certain date, but legislators elected after a certain date are offered only a defined contribution plan: Alaska, Indiana, Michigan*, Minnesota, and Utah.
[(2)] Rhode Island offers a defined benefit plan to legislators elected before January 1995 but does not offer any type of retirement benefits for legislators elected after that date.
[(3)] Texas legislative retirement benefits are based on a percentage of the salary of a sitting District Court judge.
The following states offer a defined benefit plan to all legislators or to legislators elected before a certain date, but sufficient information was not available to determine a benefit: California*, Kansas, Kentucky, Louisiana, Michigan*, and Montana.
The following states do not provide any type of retirement plan to legislators: Alabama, Nebraska, New Hampshire, North Dakota, South Dakota, Vermont, and Wyoming.

Source: National Conference of State Legislatures; Department of Legislative Services

Exhibit 41
State-by-state Comparison of Legislator Contribution Rate

Ranking	State	Rate	Ranking	State	Rate
1	Nevada	15.00%	**16**	**Maryland**	**5.00%**
2	*AZ Reform*	13.00%	16	Arkansas	5.00%
3	Illinois*	11.50%	16	New Jersey*	5.00%
4	Ohio*	10.00%	17	West Virginia	4.50%
4	Oklahoma	10.00%	18	Georgia	3.75%
4	South Carolina	10.00%	19	Iowa	3.70%
5	*PA* Reform*	9.30%	20	*OK Reform*	3.50%
6	Massachusetts*	9.00%	21	Washington	3.33%
6	Minnesota(1)	9.00%	22	Delaware	3.00%
7	Virginia	8.91%	22	Florida*	3.00%
8	Colorado	8.00%	22	New York*	3.00%
8	Texas	8.00%	23	*Wisconsin* Reform*	2.60%
9	Maine	7.65%	24	Connecticut	2.00%
10	Mississippi	7.25%	25	Hawaii	0.00%
11	Arizona	7.00%	25	Indiana(1)	0.00%
11	North Carolina	7.00%	25	Missouri	0.00%
12	Idaho	6.97%	25	Oregon	0.00%
13	Alaska(1)	6.75%	25	Utah(1)	0.00%
14	Pennsylvania*	6.25%			
15	Tennessee	5.43%			

* Denotes state with full-time legislature.

(1) These states offer a defined benefit plan to legislators elected before a certain date, but legislators elected after a certain date are offered only a defined contribution plan.

Source: National Conference of State Legislatures; Department of Legislative Services

Exhibit 42

State-by-state Comparison of Benefit Multiplier

Ranking	State	Benefit Multiplier
1	South Carolina	4.82%
2	North Carolina	4.02%
3	Oklahoma	4.00%
4	Arizona	4.00% Capped at 80.00% of Final Average Salary (FAS)
5	Hawaii	3.50%
6	Illinois*	3.00 - 5.00% Capped at 85.00% of FAS
7	*IL* Reform*	3.00 - 5.00% Capped at 60.00% of FAS
8	Florida*	3.00%
8	*HI Reform*	3.00%
8	Pennsylvania*	3.00%
9	AZ *Reform*	3.00% Capped at 75.00% of FAS
10	**Maryland**	**3.00% Capped at 66.67% of Salary of Active Legislators**
11	New Jersey*	3.00% Capped at 66.67% of FAS
12	Minnesota(1)	2.70%
13	Colorado	2.50%
13	Maine	2.50%
13	Massachusetts*	2.50%
13	*PA* Reform*	2.50%
14	Texas	2.30%
15	Ohio*	2.20 - 2.50%
16	Alaska(1)	2.00 - 2.50%
17	Arkansas	2.00%
17	Idaho	2.00%
17	Iowa	2.00%
17	*OK Reform*	2.00%
17	West Virginia	2.00%
18	Delaware	1.85 - 2.00%
19	*Wisconsin* Reform*	1.60% - 2.165%
20	New York*	1.50 - 2.00%
21	Mississippi	1.00 - 2.00%
21	Washington	1.00 - 2.00%
22	Virginia	1.70%
23	Oregon	1.50%
24	Connecticut	0.05 - 1.33%

* Denotes state with full-time legislature.

(1) These states offer a defined benefit plan to legislators elected before a certain date, but legislators elected after a certain date are offered only a defined contribution plan.

Source: National Conference of State Legislatures; Department of Legislative Services

Exhibit 43
Comparison of Maryland's Retirement Eligibility Criteria with Other States

States That Require the Same Retirement Age and Years of Service

Maryland – age 60 with 8 years of service
New Jersey – age 60 with 8 years of service
South Carolina – age 60 with 8 years of service
Texas – age 60 with 8 years of service

States That Require a Lower Retirement Age and Years of Service

Missouri – age 55 with 6 years of service
Hawaii – age 55 with 5 years of service
Virginia – age 55 with 5 years of service
Tennessee – age 55 with 4 years of service
Pennsylvania – age 55 with 3 years of service

States That Require a Higher Retirement Age and Years of Service

Delaware – age 65 with 10 years of service
Arkansas – age 65 with 10 years of service
Arizona – age 62 with 10 years of service

Number of States That Require a Higher Retirement Age

Must be at least age 67 – 1 state
Must be at least age 65 – 14 states
Must be at least age 62 – 5 states

States That Require More Years of Service

Arizona – 10 years of service
Arkansas – 10 years of service
Delaware – 10 years of service
Maine – 10 years of service

Source: Department of Legislative Services

Exhibit 44
District Office Accounts

Amount – Fiscal 2013

	Total	Staff Minimum
Senate		
Leadership (8)	$19,736	$6,500
Senators (39)	18,265	5,800
House		
Leadership (10)	$19,736	$6,500
Delegation (5)	19,110	5,800
Delegates (126)	18,265	5,800

Use of Funds

1. Office space in district

2. Staff services

3. Communications

    Telephone – limit $2,000 unless approved by presiding officer

    Postage – limit $1,000 for legislator and $2,600 for *Annapolis Report* per district, unless more is approved by presiding officer

    No newsletters except *Annapolis Report*

    Newspapers – limit $300

4. Supplies

5. Utilities

6. Furniture and equipment, including computers; items become property of the State and must be returned or purchased at depreciated value if legislator leaves office

Source: Department of Legislative Services, September 2013

Exhibit 45
History of District Office Account Allowances

Fiscal Year	Senator Total	Senator Clerical Minimum	Delegate Total	Delegate Clerical Minimum
1971	$4,700		$2,000	
1975	5,000		6,000	
1979	5,500		8,488	$2,850
1983	6,615		10,143	3,550
1987	7,770		11,970	4,400
1990	17,395	$6,395	16,197	8,000
1994	16,765	5,800	15,507	7,300
1998	18,265	5,800	17,007	7,300
1999	18,265	5,800	18,265	5,800
2005	18,265	5,800	18,265	5,800
2009	18,265	5,800	18,265	5,800
2013	18,265	5,800	18,265	5,800

Source: Department of Legislative Services, September 2013

Exhibit 46

Staff Assistance for Members of the Maryland General Assembly

Funding is included in the fiscal 2014 budget for the Maryland General Assembly to provide staff assistance to senators and delegates as follows.

Senate

Funds are included to permit each senator to hire an administrative aide that is a regular full-time, benefited employee. The current salary range for these positions is $39,000 to $63,000.

Funds are included to permit each senator to hire a secretary for the legislative session. This is generally a benefited employee. For fiscal 2014, each position is budgeted at $7,630.

Each senator is provided with a District Office Allowance of $18,265. Of this amount, $5,800 is restricted to staff assistance. Nine leadership positions are each provided with $19,736, of which $6,500 is restricted to staff assistance.

Each senator is provided with a Supplemental Operating Fund in the amount of $7,500. This amount is intended to supplement the District Office Allowance and may be spent on operating expenses or for staff assistance at the senator's option.

House

Funds are included in the House budget to provide for payment of salaries attributable to specifically budgeted delegation staff positions. These are generally benefited positions which may work either a full-time or a part-time schedule depending on workload. The applicable salary for each budgeted delegation staff position is established based primarily on qualifications, experience, and anticipated workload.

Funds are included to permit each delegate to hire a secretary for the legislative session. Each delegate's secretary is funded at $2,543 for fiscal 2014, which if combined with two other delegates, approximates the amount budgeted for each senator's secretary.

Each delegate is provided with a District Office Allowance of $18,265. Of this amount, $5,800 is restricted to staff assistance. Twelve senior leadership positions are each provided with $19,736, of which $6,500 is restricted to staff assistance. Five delegation chair positions are each provided with $19,110, of which $5,800 is restricted to staff assistance.

Each delegate is provided with a Supplemental Operating Fund in the amount of $3,546. This amount is intended to supplement the District Office Allowance and may be spent on operating expenses or for staff assistance at the delegate's option.

Source: Department of Legislative Services, September 2013

Appendix 1. Minutes

General Assembly Compensation Commission

Minutes – November 18, 2013 Meeting

Commissioners in Attendance: Sean Glynn, Chair; E. Steuart Chaney; Josh Greene; Kathryn Higgins; Mary C. Larkin; Ackneil M. Muldrow, II; Raymond L. Nix; Gene M. Ransom III; and Gabriel Terrasa.

Staff in Attendance: Simon G. Powell, Jonathan D. Martin, and Dana K. Tagalicod.

Also in Attendance: Anne E. Gawthrop, State Retirement Agency.

Mr. Glynn convened the meeting at 10:05 a.m. After introductions and opening remarks, staff presented a brief overview of the charge of the commission as well as a review of the 2010 commission recommendations and the ultimate outcome of those recommendations. Staff noted that there has been very little change in the General Assembly compensation since the recommendations of the 2002 commission. What changes have occurred typically relate to expenses that are linked to external standards (*e.g.*, the State Standard Travel Regulations or federal reimbursement policies).

Background Information on State Legislatures Generally and Maryland Specifically

Staff presented a variety of information intended to provide the commission with context for compensation discussions. One of the key guiding principles for compensation is typically the amount of time devoted to the job. Recognizing that there is no easy way to record the precise amount of time devoted to legislative activities by individual members, a variety of data was presented to identify the different categorizations of legislatures that exist in the United States including data on self-reported legislative occupation, session length, and legislative staffing levels. Generally, legislatures are divided into three categories: full-time, citizen, or a hybrid of full-time/citizen legislatures. Maryland is considered a hybrid legislature, with only 12% of legislators identifying themselves as "full-time legislators." There is a strong relationship between the categorization of State legislatures and legislative compensation, *i.e.*, full-time legislatures being compensated relatively well, citizen legislatures at the lower end of the compensation spectrum with hybrids between the two.

Several commission members asked about the specific duties of the legislature. Staff noted that the 90-day legislative session is the visible part of the job, but that assignments out-of-session can include committee work for standing and special committees, appointments on task forces and other workgroups, as well as constituent service.

Legislator Salaries and Other Salary Data

The commission was given data on the relative standing of legislative salaries. Despite the absence of salary increases since 2006, Maryland legislative compensation is still relatively high among so-called hybrid states. Data was also provided comparing Maryland's legislative salaries to states with a similar budget size. Again, Maryland compared well. Mr. Chaney asked staff to provide additional detail on states with larger budgets and compare those states with legislative salaries. Staff indicated that they would follow-up at the next meeting. It was noted that only 13 states have seen salary adjustments since the prior compensation commission. Of these, 5 saw compensation reductions, while 8 saw increases. Other than Alaska, which saw a doubling of legislative compensation between 2009 and 2013, the increases were modest.

While the data on relative State legislator salaries is a useful guide, it was noted by Mr. Terrasa that these data do not reflect relative cost-of-living in different jurisdictions. Staff concurred that this was the case and indicated it would gather additional information on state-by-state cost of living indices. However, Staff did present data on median household income and per capita income data by jurisdiction in Maryland to compare legislative compensation with that data. For either measure, there are 5 jurisdictions in Maryland with lower median household incomes and 10 with lower per capita incomes than the current legislative salary; in other jurisdictions the legislative salary is lower, in some instances significantly lower.

In order to compare recent activity in legislative salaries, data was also presented on State employee compensation increases as well as additional comparative material including personal income data, the Consumer Price Index, and local government salaries and salary activity. Ms. Higgins asked how State employee compensation was calculated. Staff noted that in recent years the collective bargaining process has been the key driver. In response to a question from Mr. Ransom, staff noted that the legislature had the ultimate authority over State employee salary levels through the State budget process and that this authority had been interpreted by the Office of the Attorney General to mean that the commission could not simply tie legislative compensation to State employee compensation.

Legislator Compensation and Willingness to Serve

An important question asked by Mr. Chaney and echoed by other commission members was the impact of legislative compensation on an individual's willingness to run for and remain in office. There is no explicit data to measure this one way or another. Staff did present data on election year turnover and the tenure of current legislators in an attempt to answer this question. Staff noted that the turnover data did not appear to provide any insight as to whether compensation was too great or a deterrent to attracting candidates.

In terms of legislative tenure, Senate membership generally reflects long-standing legislative service (43 of 47 current members having 8 years or more combined House of Delegates and Senate service, with nearly half with 16 years or more combined service).

House of Delegates service is generally shorter, with 60 of the 140 current membership (at the time of the calculation, the House of Delegates was short one member) with 8 years or less legislative tenure and only a little over one-quarter with 16 years or more service. This reflects that House of Delegates members often move (or attempt to move) to the Senate, with 34 of the current 47 Senators having some House of Delegates tenure, and perhaps the fact that the House of Delegates is a larger body with more limited opportunities for advancement.

However, staff concurred with commission members who noted that this data may reflect the fact that a legislative career (although not necessarily the compensation) and the demands that that career places on earnings potential and time generally may inhibit individuals from seeking office as much as it may indicate that despite the recent stagnant compensation that most legislators continue to seek office. Mr. Terrasa, Mr. Nix, Mr. Ransom and Mr. Muldrow all made comments about the opportunity costs associated with being in elected office. Mr. Ransom noted, for example, specific recent cases of members who had left legislative service because of this issue. Mr. Glynn posited that there are also potential benefits from legislative service in terms of subsequent career opportunities, although it was also observed that Maryland Ethics laws have attempted to close what was once a "revolving-door" between legislative service and lobbying activities.

Expenses

The next set of presentations concerned expense claims for in-state, out-of-state, as well as in-district travel. It was noted that much of this expenditure is tied to an applicable state or federal rate (as is common with most state legislatures. Staff did note the need to consider changing various references within the resolution, including instituting the use of a federal rate for out-of-state travel as well as providing some discretion for in-state lodging allowances to be tied to the appropriate local rate (for example, a conference based in Baltimore tied to the Baltimore lodging rate) and not exclusively to the Annapolis rate, as is currently the case. Staff also noted that legislators are eligible for an annual $500 in-district travel allowance that is provided as a lump-sum. This allowance was put into place in 1986 and has remained at $500 since 2002.

Mr. Terrasa asked whether the resolution needed to strengthen the oversight over the claim for lodging expenses. Staff noted that lodging and mileage requests (unlike per diem meal rates) must be submitted to, and approved by, the Finance Office in the Department of Legislative Services. Further, those requests are all subject to audit.

Benefits

The staff presentation on the benefits for which legislators are eligible focused primarily on health benefits and the cost-sharing arrangements. In response to a question from Mr. Terrasa, staff noted that the premium subsidy provided to legislators was the same as that provided to State employees. Staff also noted that former legislators who are not eligible as a retiree to access the health insurance program may do so through COBRA coverage at cost plus a 2% administrative fee. Thus, for example, a legislator losing an election or choosing not to run, could still access health insurance through the State. Staff noted that unlike State employees who generally receive COBRA coverage for 18 months after leaving State service, former legislators can access COBRA coverage indefinitely.

Other Information and Issues

For information purposes, the commission was presented with other data regarding district accounts and other expenditures made by legislators over which the commission does not have jurisdiction. The commission asked staff to follow up on a number of other issues in addition to the follow-up requests noted in the discussion above. Specifically, Ms. Higgins asked for the basis of the salary decisions made by the 2001 commission (the last time salaries were increased).

Prior to adjournment, Mr. Glynn asked for a sense of the commission in terms of the need to broadly consider a salary increase in the current commission's deliberations. There was broad agreement that this needed to be considered.

The meeting was adjourned at 11:50 a.m. with the next meeting scheduled for December 2, 2013, at 10:00 a.m. in the same location. The agenda will focus on retirement issues and will also include an opportunity for public testimony.

General Assembly Compensation Commission

Minutes – December 2, 2013 Meeting

Commissioners in Attendance: Sean Glynn, Chair; E. Steuart Chaney; Josh Greene; Kathryn Higgins; Mary C. Larkin; Raymond L. Nix; Gene M. Ransom III; and Gabriel Terrasa.

Staff in Attendance: Simon G. Powell, Jonathan D. Martin, and Dana K. Tagalicod.

Also in Attendance: Anne E. Gawthrop, State Retirement Agency and Phillip S. Anthony, Department of Legislative Services.

Mr. Glynn convened the meeting at 10:00 a.m. Mr. Ackneil M. Muldrow was not in attendance but had sent advanced notice of his unavailability for this meeting.

It was noted by the chair that this meeting had been designated by the commission for public testimony. Staff indicated that written public testimony had been received from a former delegate who had wanted to testify at the meeting but had a scheduling conflict. The former delegate had asked to speak at the meeting scheduled for December 16, 2013, and the commission concurred that such testimony would be allowed.

Staff also noted that another former delegate had again raised the issue of applying military service credit to the legislative pension plan (the same issue was raised by the same delegate in 2010, and a recommendation was included in the commission's recommendations to the legislature but was rejected).

After the approval of the minutes from the November 18, 2013 meeting, staff began a series of presentations following up on questions from the November 18, 2013 meeting as well as providing new materials on legislative pensions.

Follow-up from the November 18, 2013 Meeting

Material was presented on three topics:

- Maryland legislative salaries relative to those in States with higher combined operating and capital budgets than Maryland. Previously, data had been presented on legislative salaries for those states with combined budgets within $5 billion of Maryland. Additional material was presented for all of those states with larger combined budgets. The results were somewhat inconclusive. Nine states with larger budgets had higher legislative salaries; five had lower legislative salaries (in all cases, considerably lower salaries).

- Legislative salaries adjusted for relative cost-of-living. With the caveat that there is no official state-by-state cost-of-living index (government data is based on metropolitan statistical area), data was presented as adjusted by a state-by-state cost-of-living index developed by a private economic consulting firm. Of those states with legislative salaries higher than Maryland, a cost-of-living adjustment reduced the legislative salary of just one state to below Maryland: Hawaii. Conversely, of those states with legislative salaries below that of Maryland, a similar adjustment increased the salary in three states to above that of Maryland: Washington, Oklahoma, and Missouri.

- An oral review of the minutes of the 2002 commission deliberations, the last time that the legislative salaries were significantly increased, was provided. The justification for the commission's decision to raise salaries was to allow legislative salaries to catch-up with the Consumer Price Index and other indices after several years of minimal increases. Staff indicated that they could prepare options based on similar indices if the chair thought that would be useful. Mr. Glynn and other members indicated that it would be useful.

Following the presentation of the follow-up materials, Mr. Cheney returned to a theme from the first meeting – how much time does a legislator spend in their job as a legislator? Based on his conversations with some legislators, he asked about the 70% of a full-time job figure reported at the first meeting and how accurate this was. Certainly, it appeared to be high compared to comments from legislators (who put the time at closer to 30%). Mr. Terrasa noted that the session itself reasonably represented a 25% commitment, making 30% probably the lowest time commitment. Staff noted that the 70% figure is an estimate made by the National Conference of State Legislatures based on self-reported data and is used to categorize Maryland as a part-time legislature. It is intended to represent an average amongst the legislators (and some were noted in the prior meeting to consider themselves as full-time). Clearly, the amount of time devoted to legislative activities will vary from legislator to legislator.

Discussion continued on the impact of salaries and compensation generally on the nature of the legislature. Mr. Ransom noted that there has to be adequate compensation to preserve a more representative citizen legislature, while Mr. Cheney observed that compensation should not be so high as to encourage full-time legislators. At the request of Mr. Cheney, staff agreed to develop a chart indicating the total compensation package for legislators, including the value of retirement and health insurance premium subsidies.

Overview of the Legislative Pension Plan

The pension plan presentation began with a basic overview of participation, eligibility, and benefits. Key elements of the pension plan include (1) that participation in the plan is optional; (2) a member needs to accrue 8 years of service credit to vest in the plan; (3) the member contribution rate is 5.0% of the member's annual salary for up to 22 years and three months; (4) a member may begin receiving a full service retirement allowance at age 60 if the member has accrued 8 years of service; (5) if the member has accrued 8 years of service by the age of 50, the member may begin receiving a retirement allowance subject to an early retirement reduction equal to 0.5% for each month that a member retires prior to age 60 for a maximum reduction of 60.0%; (6) a full service retirement allowance at age 60 with at least 8 years of service equals 3.0% of the salary of a current legislator multiplied by the members total years of service; (7) the maximum allowance that a member can receive is 66.67% of the salary payable to a current legislator; (8) because a retired legislator's retirement benefit is based in part on the salary of a current legislator, the retiree will receive post-retirement adjustments whenever current legislators receive an increase to their salaries; (9) there are three types of death benefits; and (10) the legislative pension plan also provides disability benefits if the member is vested and is determined to be totally incapacitated from the further performance of the member's duties.

Staff also presented information comparing Maryland's Legislative Pension Plan to the legislative pension benefits provided in other states. Maryland has the thirteenth highest legislative pension benefit. This is a drop from tenth in 2010, but it is directly attributable to pension reform in three states (Pennsylvania, Illinois, and Hawaii). The same nine states that provided a higher legislative pension benefit in 2010 still provide a higher legislative pension benefit in 2014; however, three of those states decreased the benefit amount for legislators elected on or after a certain date. Therefore, three of the top nine states have two entries in the list (pre-reform and post reform), which results in Maryland dropping three places from 2010 in terms of the benefit amount provided, but still remaining the tenth highest in terms of state ranking.

Data was also presented on Maryland's ranking compared to other states regarding certain key components of legislative pension plans. Maryland has the sixteenth highest legislator contribution rate (5%) and the tenth highest benefit multiplier (3%). When comparing the requirement for a Maryland legislator to be at least age 60 and have at least 8 years of service to be eligible for a normal service retirement, three other states have the exact same criteria, five states require both a lower age and less years of service, and three states require both a higher age and more years of service. There are 20 states that require a higher age than Maryland, but not necessarily more years of service.

Discussion on the retirement plan included:

- Mr. Terrasa commented that the legislator contribution was 5.0% of salary but asked what the level of the State subsidy was. Staff noted that the employer contribution was expected to be 15.5% of salary in fiscal 2015. However, this figure actually represents only one portion of the State contribution. If the amount related to reinvested savings from pension reform is also included, this amount increases to 18.3%.

- In a discussion of eligibility for a legislative pension, staff noted that legislators must have 8 years of service with the exception of a legislator who leaves to become a judge. In those circumstances, the legislator receives a retirement allowance regardless of length of service. Mr. Greene asked why that exception was made. Staff indicated that the change was made in 1986 but there was no immediate indication as to why. Staff indicated that they would follow-up for the subsequent meeting.

- There was extensive discussion around the fact that the legislative pension plan is optional, whereas most other plans are required as a condition of employment. Staff speculated that the legislative pension plan was perhaps optional because members could be involuntarily dismissed (*i.e.*, losing elections). However, it was noted that most (185 of 188) of the current legislators were members of the legislative plan.

  The State Retirement Agency (SRA) raised a concern about the optional nature of the legislative plan. Specifically, there is no time limit within which a member must opt in. Furthermore, a member can opt in or out multiple times. SRA advised that there are potential tax consequences to such an open-ended optional provision concerning when contributions/benefits are taxable. SRA encouraged the commission to consider establishing a more limited optional provision by requiring a legislator to make a decision whether to join the plan within six months of taking office. SRA confirmed, in response to questions, that making the legislative program mandatory would also resolve these tax concerns, although the agency made it clear that that was not its recommendation.

- Another area of extensive discussion was the ability of legislators to purchase service credit in the legislative pension plan. Unlike other State pension systems, legislators can purchase service credit (known as buying air time) in order to vest in the system *i.e.*, a legislator with less than eight years of service can purchase service credit up to the amount that would give the legislator eight years of service credit and thus qualify for a retirement allowance as well as other retirement benefits. Ms. Higgins asked how many legislators have vested as a result of purchasing air time. Staff did not know the answer, and SRA was unsure if it was possible to answer this question but indicated that they would try to find an answer.

- One feature of the legislative pension plan is that death benefits typically go to a surviving spouse, and a surviving spouse cannot waive the right to a spousal benefit in favor of another beneficiary. Ms. Larkin asked if this was true for other plans. Staff indicated that the judges, State police, and law enforcement officers' plans generally require benefits to be paid to the surviving spouse (if married); however, some other plans do not. Staff indicated that the commission made a recommendation in the 2006 resolution to allow a member to designate a beneficiary other than a surviving spouse with a spousal waiver; however, that recommendation was rejected by the General Assembly.

- The legislative pension plan includes a basic allowance (100% of allowance to the retiree and 50% to the surviving spouse on the retiree's death) plus three optional allowances that reduce the basic allowance but provide a higher allowance for the surviving spouse. As it has in prior commission deliberations, SRA again asked the commission to make changes concerning these optional allowances. Specifically, the agency requested that Options A and C be amended. Few members use these options (approximately 98% of legislators opt for the basic plan and 2% for Option A with Options B and C not used) Therefore, the 2010 commission had repealed Option C but the General Assembly rejected this recommendation.

- Staff drew attention to a new forfeiture provision included by the legislature during the 2010 deliberations on the Resolution of the General Assembly Compensation Commission. Specifically, a legislator can forfeit retirement benefits under certain circumstances. A number of questions were asked by members including Mr. Ransom and Ms. Higgins concerning the legislature's intent in adding the provision and also if the commission could strengthen the provision. Staff indicated that the commission could take whatever action it chose to do concerning the provision.

The Impact of the 2011 Pension Reforms

Staff also made a presentation on the impact of the 2011 pension reforms in Maryland. This presentation began with the observation that legislative pensions were not altered during these pension reforms because only the General Assembly Compensation Commission can make these changes. Indeed, the legislation enacting the 2011 reforms specifically asked the General Assembly Compensation Commission (and other appropriate commissions) to address these issues as it relates to the sustainability of the State pension system.

The 2011 reforms were undertaken to both reduce the State's immediate cost with regard to pension contributions and also reduce long-term liabilities. Staff highlighted areas where other pension plans were changed including (1) increasing employee contributions; (2) reducing the allowance per service year; (3) increasing the vesting period for employees hired on or after July 1, 2011; (4) increasing retirement conditions for employees hired on or after July 1, 2011; (5) increasing the number of salary years on which the benefit is calculated for employees hired on or after July 1, 2011; and (6) reducing post-retirement adjustments for service credits earned on or after July 1, 2011.

In response to a question from Mr. Ransom, staff also outlined changes made by the 2011 reforms on the retiree health plan. Specifically, the reforms changed eligibility for retiree health benefits for employees hired on or after July 1, 2011, in most systems to 10 years (the new vesting period for retirement benefits) and also changed the extent of the State premium subsidy for retiree health benefits to 1/25 of the total State subsidy for each year of service. For employees hired prior to July 1, 2011, the vesting period was 5 years, with the extent of the State premium subsidy equaling 1/16 of the total State subsidy for each year of service. Under the current resolution, retired legislators are eligible for retiree health benefits after 8 years of legislative service and receive a State premium subsidy equal to 1/16 of the total State subsidy for each year of service.

Other Pension Issues

The specific concern of the former delegate who had supplied written testimony was raised. This delegate is a retiree in the legislative pension plan with service in other pension plans (State employee and teacher plans), but insufficient service in other systems to receive a pension. The delegate was asking to be allowed to transfer that service into the legislative pension plan. Ms. Larkin asked if this transfer was allowed in other systems. Staff indicated that it was not.

Prior to adjournment, Mr. Glynn asked for a sense of the commission in terms of the need to broadly consider changes to the legislative pension plan to reflect changes made to other plans in recent pension reform. There was broad agreement that changes needed to be considered.

The meeting was adjourned at 12:30 p.m., with the next meeting scheduled for December 16, 2013, at 10:00 a.m. at the same location. The chair noted that the decision meeting may need additional time beyond the scheduled two hours and members agreed to try and adjust schedules accordingly.