

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
2644 Riva Road · Annapolis · Maryland · 21401

BILL: SB1001 TEACHERS' RETIREMENT AND PENSION SYSTEMS - COUNTY BOARDS OF EDUCATION PAYMENTS

HEARING DATE: MARCH 9, 2017

COMMITTEE: BUDGET AND TAXATION COMMITTEE

POSITION: SUPPORT

CONTACT PERSON: JEANETTE ORTIZ, ESQ., *LEGISLATIVE & POLICY COUNSEL* (410.703.5352)

The Anne Arundel County Board of Education **SUPPORTS Senate Bill 1001 - Teachers' Retirement and Pension Systems - County Boards of Education Payments.**

In 2012, the General Assembly passed legislation which shifted the costs of teachers' pensions from the State to local boards of education, while maintaining the State Pension System over a 4-year period. As a result of the legislation, local boards of education were responsible for 50 percent of the costs in FY 2012, 85 percent of the costs in in FY 2015 and 100 percent of the costs in FY 2016. The administrative fee to be paid by local school systems would also continue. The phased-in increase in costs which were shifted to the local boards of education resulted an annual increase in required county maintenance of effort (MOE) payments in an effort to offset this additional fiscal obligation. However, that MOE obligation was calculated in FY 2017 based on calculations from FY 2016, thus leaving FY 2017 as a year without MOE funding for the increased pension obligation local school systems. This trend will continue each year, leaving additional expenses that are not included in MOE funding for local school systems.

The Anne Arundel County Board of Education supports additional State and county financial support for local school systems to offset the additional financial obligations associated with the increased pension costs.

Senate Bill 1001 would provide a one-time payment offset to the Anne Arundel County Public Schools (AACPS) teacher pension obligation in FY 2017 either through a credit to our teacher pension payments in FY 2017 or a credit to our teacher pension payments in FY 2018. The increase in the AACPS contribution rate from FY 2016 to FY 2017 was \$2,323,351.00. This legislation would provide AACPS with a one-time credit to offset that increase.

Accordingly, the Anne Arundel County Board of Education respectfully requests a **FAVORABLE** committee report on **Senate Bill 1001**.