

ANNE ARUNDEL COUNTY PENSION OVERSIGHT COMMISSION

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December 19, 2021

Via: Electronic mail

County Executive Steuart Pittman
Anne Arundel County
44 Calvert Street
Annapolis, MD. 21401

Mr. Pittman,

In accordance with the procedures set forth in the County Charter, the Pension Oversight Commission has reviewed the proposed legislation presented in Bill 100-21 as introduced by Council Chair Sarah Lacey on your behalf. Following our review, we **OPPOSE** passage of Bill 100-21 based upon the inadequate justification for this addition to County Code. Bill 100-21 re-institutes a reduction of benefits for retired employees who are re-hired in a contractual capacity (under Charter §802(a)(14)), but only for time worked in excess of 1,500 hours per year. For historical perspective, such contract employees were limited by the Charter to only 1,500 hours per year, but that restriction was removed by Charter amendment in 2020. Years before, a reduction of benefits did exist for all hours worked by contractual employees, but such reduction of benefits was removed from the law in years past. (*See* Bill 78-17).

The Pension Oversight Commission analyzed the justifications for Bill 100-21 as provided by the Administration and found a lack of sufficient basis for the legislation. First, the Administration supposed that there would be cost savings for the pension system, but the Commission received no quantification of that savings. The fiscal note that accompanies Bill 100-21, states there would be “no estimated fiscal impact,” and thus stands in contrast to the supposition that there would be cost savings.

The contention that the prior elimination of the reduction of benefits was never intended to apply to time worked more than 1,500 hours is also problematic for the Commission. If such an intent

existed, then it would be found in the reimplementation of the reduction of benefits contemporaneously with the lifting of the 1,500-hour limit. But a full year has elapsed since that Charter amendment passed, during which time contract employees have been able to operate without the hour-limit and without any reduction of benefits.

The Administration points out that other jurisdictions have reduction of benefits for reemployed retirees who receive pensions. This may be true, but Anne Arundel County's pension law has never been a mirror of any other jurisdiction's similar laws. Instituting similar laws across jurisdictions does often make logical sense, but without sufficient justification for the rule in the first place, simply creating a copy of an outside jurisdiction's law does not justify the implementation of that law within Anne Arundel County's the pension system.

The Commission also has concerns with how the passage of this bill may impact the County's ability to effectively hire and retain contract employees who are retirees. Given the current labor market conditions, it seems advantageous to the County to reemploy former employees who have institutional knowledge of the County and its processes into contract positions. The reinstatement of the reduction in benefit in any measure is likely to negatively impact the County's ability to hire such experienced workers into those positions as those employees are more likely to seek employment outside of the County to avoid the reduction of benefits. The Commission believes this legislation may have negative effect on the County's ability to hire and retain qualified contract employees with institutional knowledge that would be beneficial to the County.

Finally, this bill adds to the administrative burden of County Personnel. Adjustments to retiree pension benefits must be made based upon total hours worked. County Personnel would have to institute procedures to flag all hours in excess of 1,500 worked by §802(a)(14) employees who have previously retired from County service, and then apply the previously abrogated reduction in benefits. This creates yet another exception to an exception that introduces greater possibility of errors in payroll.

Because Bill 100-21 lacks adequate justification for its passage, the Pension Oversight Commission recommends the County Council **OPPOSE** Bill 100-21.

Sincerely,

Anne Arundel County Pension Oversight Commission:

A handwritten signature in black ink, appearing to read "Michael Shier". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping underline.

Michael Shier, Chair

Robert Stull, Secretary; Susan Duncan; Erik Kornmeyer; Ed Gosselin; Sherri Voelkel, Mark Humphries, Joe Brent

CC: Anne Arundel County Council: Sarah Lacey; Alison Pickard; Nathan Volke; Andrew Pruski; Amanda Fiedler; Lisa Rodvien; Jessica Haire
County Council Administrative Officer Kaley Schultze