

ANNE ARUNDEL COUNTY PENSION OVERSIGHT COMMISSION

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April 28, 2023

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 (Commission) has reviewed the proposed legislation presented in Bill 24-23 as introduced by Councilwoman Amanda Fiedler. Following our review, we take **NO POSITION** on passage of Bill 24-23. This bill primarily extends the vesting period for county Councilmembers from 10 years to 14 years of county service. Although no position is taken, the Commission suggests an amendment, as explained below, to clarify the proposed change to county law.

In its review of this legislation, the Commission considered a number of factors that might weigh for and against the bill. First, the change is being proposed to return to a prior status quo. Currently, Councilmembers who serve three terms of four-years each, for a total of twelve years, are eligible for a pension based upon the ten-year vesting schedule. This vesting period was increased to ten years in 2013 under Bill 97-13. This provision change extended the vesting period to a point unachievable solely by service as a Councilmember under the two-term (eight-year total) limitation in place at the time. However, the ability to serve three terms is a recent change due to the passage of Resolution 18-22 and subsequent voter approval of the Charter Amendment this resolution proposed. It was unlikely that the voters intended, by their passage of this change, to alter the ability of county Councilmembers to vest in the pension system through their service on the Council. Thus, passage of this bill returns Councilmembers to the same or similar situation as they stood prior to the term-limit change of 2022.

The Commission also considered how participation in the pension system would affect citizens' abilities to serve as a Councilmember. The compensation package for Councilmembers may be a factor in whether such public office is accessible to citizens. Ultimately, however, the configuration of such benefits is the purview of the county's Salary Standard Commission, and not the Pension Oversight Commission. The Pension Oversight Commission does have concern about how Councilmembers will view the pension system while being wholly apart from it. Under a system whereby the Council is practically ineligible for a pension benefit, the Councilmembers have nothing to gain or lose from making changes to pension laws. The employees depend on a healthy pension system for their future well-being and retirees depend on a healthy pension system for their current well-being—by being ineligible to participate, the county Councilmembers, perhaps, do not have an inherent and personal interest in the health of the pension system. The driving factors for their decision making is, therefore, solely the political and policy concerns integral to any other legislation. Those political and policy factors are given voice by the employees and the independent Pension Oversight Commission which serves faithfully as a check and balance on the management of the county's pensions.

Finally, the Commission considered the likely fiscal impact the passage, or non-passage, of this legislation might have on the Pension System. Because of the low salaries, limited time of service, and small number of possible participants, the Commission believes that any fiscal impact, for better or worse, would be negligible. Therefore, this factor is not of great weight on the Commission's mind.

In conclusion, the Commission believes this legislation is a political question. There is little fiscal impact, the issue of Councilmember compensation is generally held by another county commission, and there are sufficient checks and balances through the voice of the employees and this very Commission. Therefore, the Pension Oversight Commission leaves this legislation to the discretionary power of the County's legislative body and takes NO POSITION on Bill 24-23.

The Commission has previously noted that the pension laws of our County have been repeatedly amended and the various amendments have bloated and confused much of the language of the Code which can result in interpretation and implementation errors. General rules, exceptions, and exceptions to exceptions have been stitched together creating a patchwork code that can be difficult to understand. We, therefore, take this opportunity to stress the importance of a clarifying

re-codification of the Code and a request to avoid a further confusing amendment. On this particular bill, the Commission requests that, prior to further consideration, Bill 24-23 be amended as follows: The addition, on Page 2, Line 2 and 3, of the phrase “OTHER THAN A COUNTY COUNCILMEMBER” is inserted after “. . . who is an elected official,” and, thus, leaves the phrase which follows, “whose first term begins on or after December 1, 2014,” as a vague modifier. Is it intended that the phrase “whose first term begins . . . “ is to only apply to county Councilmembers or to all elected officials? Previously, the “term begins” phrase applied to ALL elected officials, but, because Page 2, line 41 and 42, uses similar language which only applies to Councilmembers, it is unclear if the inserted phrase on Page 2 is designed to remain consistent with the later phrasing or if it is intended to change the intent of the section it modifies. Therefore, the Commission strongly urges an amendment to clarify the intent of the inserted language.

Sincerely,

Anne Arundel County Pension Oversight Commission:



Michael Shier, Chair

Robert Stull, Secretary; Susan Duncan; Jamie McIntosh; Ed Gosselin; Sherri Voelkel, Mark Humphries; Joe Bernatowicz, Julius Jones Jr.

CC: Anne Arundel County Council: Julie Hummer; Alison Pickard; Nathan Volke; Shannon Leadbetter; Amanda Fiedler; Lisa Rodvien; Peter Smith
County Council Administrative Officer Laura Corby, Personnel Officer Anne Budowski