

**BILL:** House Bill 1109  
**TITLE:** Teachers' Retirement and Pension Systems –  
County Boards of Education Payments  
**DATE:** March 7, 2017  
**POSITION:** SUPPORT  
**COMMITTEE:** Appropriations Committee  
**CONTACT:** John R. Woolums, Esq.

The Maryland Association of Boards of Education (MABE), representing all twenty-four local boards of education, supports House Bill 1109.

House Bill 1109 addresses a very serious challenge to the budgets of local school systems across the state. Maryland's local boards of education face a substantial gap between local funding, provided in accordance with the Maintenance of Effort law's requirements, and the amount the State Retirement Agency bills each school system for teacher retirement costs. Therefore, MABE strongly supports this legislation, which would relieve local boards of education from their FY 2017 obligation to pay nearly \$20 million in unfunded cost burdens resulting from increases in the local share of retirement costs for current employees.

In 2012, the General Assembly shifted 100% of the retirement costs for current employees, known as "normal" costs, to local boards of education. Beginning FY 2013, school board funding obligations were matched by mandated local government payments to local boards. In this way, the shifting of teacher retirement costs to local governments placed considerable strain on local government and local board of education budget decisions.

In FY 2016, the shifted retirement costs were rolled into the mandated Maintenance of Effort amount going forward. This means that any future growth in the "normal" costs will be included in the bills received from the State Retirement Agency by local boards of education. This unfunded gap will pose a significant challenge for most local boards in the coming years. Maryland's local boards of education are without independent revenue generating authority, and the funding gap presented in this instance will therefore either require reallocations and reductions within other sectors of school budgets, or additional local government support.

For these reasons, MABE urges a favorable report on House Bill 1109.