

President of the Senate
State House
Annapolis MD 21401

Dear Mr. President:

In accordance with Article II, Section 17 of the Maryland Constitution, today I have vetoed Senate Bill 78 – Retirement and Pensions – Baltimore City Child Support Enforcement Employees.

Senate Bill 78 is a pension bill that is crafted to remedy the issue of the lost service credit of former employees of the Baltimore City Child Support Services Agency of the Department of Social Services when the agency was privatized. The provisions of the legislation would allow members of the Employees' Retirement System and the Employees' Pension System who: (1) were employees of the State prior to November 1, 1996; (2) were employed by a private vendor to provide child support enforcement services in Baltimore City, and (3) resumed employment with the State as of November 1, 2002 to receive service credit at no cost for the time the member was employed by the private vendor prior to July 1, 1998. The members would be entitled to purchase service credit, including missed employer contributions for the time the member was employed after July 1, 1998 through October 31, 2002.

From November 1, 1996 to November 1, 2002, the Baltimore City Child Support Services Agency of the Department of Social Services was privatized. Former State employees who were still employed by the private vendor resumed employment with the State on November 1, 2002. Their former retirement system and pension system accounts were restored and reactivated as required under the provisions of Chapter 491 of 1995. Chapter 491, however, did not address the issue of service credits for the period of employment with the private vendor.

Under current law, when an employee separates from State service to be employed by a private vendor, the employee is not eligible to receive service credit in the State Retirement and Pension System.

The State actuary, through the Department of Budget and Management, has advised that for the additional six years of service credit this legislation contemplates would increase the State pension liability by \$1.3 million. The present fiscal exigencies simply do not permit support of this legislation.

While I understand and appreciate the position that these employees are facing, the difficulty with this legislation is that it carves a special exception for a particular class of employees that is not otherwise available to other State employees. As such, the legislation sets a bad precedent for State government.

For above stated reasons, I have vetoed Senate Bill 78.

Sincerely,
Robert L. Ehrlich, Jr.
Governor