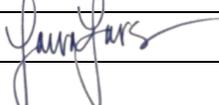




CITY OF BALTIMORE
MAYOR BRANDON M. SCOTT

TO	The Honorable President and Members of the Baltimore City Council
FROM	Laura Larsen, Budget Director 
DATE	June 10 th , 2025
SUBJECT	25-0042 Retirement Savings Plan – Clarifying Amendment

The Honorable President and
Members of the City Council
City Hall, Room 400

Position: Support

The Department of Finance is herein reporting on City Council Bill 25-0042, Retirement Savings Plan – Clarifying Amendment, the purpose of clarifying the definition of “service” for the members of the Retirement Savings Plan; and providing for a special effective date.

Background

The existing language in Article 22A is intended to ensure that employees would not receive service credit toward their vesting period for employer contributions received as Retirement Savings Plan (RSP) members if they were not on active payroll (e.g., out on unpaid leave). The slight change in language that is being proposed is made to address a specific situation involving an employee whose only source of compensation over multiple pay periods was a stipend. This stipend makes an employee “technically” on active payroll because they were receiving a paycheck, but their only source of pay was a stipend, which does not qualify as earnable compensation as defined in Article 22A. By modifying the language in Article 22A from “on the active payroll” to “receiving earnable compensation for any portion of a pay period,” ERS can effectively address this unique issue.

Fiscal Impact

Council Bill 25-0042 is not expected to have a fiscal impact, nor lead to any changes in retirement compensation levels.

Conclusion

The revision to Article 22A provides a necessary clarification to ensure that service credit toward vesting is only granted for earnable compensation, preventing unintended eligibility based solely on stipend payments. This change addresses a specific issue while maintaining the original intent of the policy. Importantly, the modification has no fiscal impact and does not alter retirement compensation levels, ensuring consistency and fairness in the administration of the RSP.

For the reasons stated above, the Department of Finance supports City Council Bill 25-0042.

cc: Michael Mocksten
Nina Themelis