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St. Mary's College of Maryland

House Bill 926 / Senate Bill 979
Optional Retirement Program – Eligibility - Alterations
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House Appropriations Committee
March 1, 2016
and
Senate Budget and Taxation Committee
March 10, 2016

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(This information may be found online at (www.smcm.edu/government-relations/)

House Bill 926 / Senate Bill 979 Optional Retirement Program – Eligibility - Alterations

The U. S. Department of Labor has proposed changes to the Fair Labor Standards Act which would substantially raise the minimum salary to be classified as "overtime exempt" under the executive/administrative/professional exemption to FLSA overtime rules. These proposed federal regulatory changes will result in certain employees currently categorized as "exempt," who will not met the new FLSA salary floor, will become "nonexempt."

The State's higher education institutions categorize employees that correlate to FLSA status. Since retirement programs offered by St. Mary's College, consistent with other higher education institutions, are based on employment category, employees who will be newly categorized as non-exempt would no longer be eligible to continue to participate in their current Optional Retirement Program. This bill will enable the College to grandfather current Optional Retirement Program participants who may switch from FLSA "exempt" to "non-exempt" status.

In the absence of grandfathering these employees:

1. A number of current ORP participants would suddenly be ORP ineligible;

2. These employees would be defaulted into the State Pension system, and

3. These employees would need 10 years of participation in the State Pension system to vest.

House Bill 926 and Senate Bill 979 are structured to be open-ended because the Department of Labor has proposed salary indexing. This means that, each year, there are likely to be additional employees who are recategorized to "non-exempt," and for whom the enumerated issues would arise.

St. Mary's College urges your favorable endorsement of this bill. Thank you for your continued support of St. Mary's College of Maryland.

St. Mary's College of Maryland 175 Years