

**Department of Legislative Services**  
 Maryland General Assembly  
 2025 Session

**FISCAL AND POLICY NOTE**  
**First Reader - Revised**

Senate Bill 810 (Senator Jackson)(Chair, Joint Committee on Pensions)  
 Budget and Taxation

**Board of Trustees for the State Retirement and Pension System - Investment  
 Division - Compensation and Staffing Committee**

This bill repeals the Objective Criteria Committee (OCC) of the Board of Trustees of the State Retirement and Pension System (SRPS), and instead creates a Compensation and Staffing Committee (CSC) of the board. OCC’s responsibilities, and some responsibilities of the board’s Investment Committee, are transferred to CSC. **The bill takes effect July 1, 2025.**

**Fiscal Summary**

**State Effect:** Special fund expenditures increase by \$10,000 annually beginning in FY 2026, except for FY 2029, to retain the consultant required by the bill. The State Retirement Agency (SRA) can otherwise staff CSC with existing resources. No effect on revenues.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	10,000	10,000	10,000	0	10,000
Net Effect	(\$10,000)	(\$10,000)	(\$10,000)	\$0	(\$10,000)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** Minimal.

**Small Business Effect:** None.

## Analysis

### **Bill Summary/Current Law:**

#### *Objective Criteria Committee*

Chapters 727 and 728 of 2018 gave the SRPS board authority to determine and create positions necessary to carry out the professional investment functions of the Investment Division and to set their compensation. Under the Acts, the board must adopt objective, performance-based criteria for setting the qualifications and compensation of the Chief Investment Officer (CIO) and division staff, including incentive compensation. It must also adopt objective criteria to determine appropriate staffing levels for the division.

The Acts created OCC to make recommendations to the SRPS board regarding the objective criteria that should be used for setting compensation levels and awarding financial incentives. OCC must contract with a consultant to assist it in carrying out its responsibilities. The board must consider OCC's recommendations before adopting objective criteria for setting compensation. The chairman of the SRPS board may not serve as the chair of OCC, and OCC includes among its members one member of the Senate of Maryland, one member of the House of Delegates, and a member of the public with financial industry experience, appointed by the Presiding Officers. OCC must meet at least once every five years, and the board may enter into an agreement with a consultant to assist the committee.

*The bill* repeals OCC and transfers its responsibilities to the new CSC. The SRPS board must enter into an agreement with a consultant to assist CSC and the board. The chair of the board may not serve as chair of CSC and must appoint the chair of CSC. Required membership of CSC includes only members of the board (including the Secretary of Budget and Management); the board chair *may* appoint the Treasurer or Comptroller or their designees to CSC. Membership of CSC does not include members of the Maryland General Assembly or any public members. The bill does not include any guidelines for the frequency of CSC meetings.

#### *Investment Committee*

The Investment Committee of the SRPS board is created in statute to invest the system's assets as specified by the board. On the recommendation of the SRA Executive Director and the Investment Committee, the SRPS board must determine the qualifications, appointment, compensation (including incentive compensation), and leave for the CIO. In making their determinations, the Executive Director and Investment Committee must consider the comparative qualifications, compensation, and leave of employees in similar positions with comparable public pension funds.

*The bill* transfers the Investment Committee’s role in determining the criteria, appointment, compensation (including incentive compensation), and leave for the CIO to the new CSC.

### *Compensation and Staffing Committee*

*Under the bill*, CSC is responsible for establishing objective criteria for determining staffing levels and compensation for the CIO and the Investment Division. Based on those criteria, CSC must also make (and the board must consider) recommendations on:

- the type and number of positions in the Investment Division;
- the qualifications for each position in the Investment Division, as specified; and
- any compensation and financial incentives for the CIO and Investment Division staff, as specified.

The CIO serves in an advisory capacity to CSC regarding (1) compensation and incentive compensation for the CIO and Investment Division staff and (2) the type, number of, and qualifications for positions in the Investment Division. However, the CIO may not participate in any deliberations regarding the criteria for compensation and financial incentives for the CIO or Investment Division staff.

**State Expenditures:** OCC is required to meet at least every five years and retain a consultant to help it carry out its responsibilities. The first OCC meetings were held in fiscal 2019 following the enactment of Chapters 727 and 728, followed by meetings in fiscal 2024. Therefore, OCC is not scheduled to meet again until fiscal 2029, when it would be required to hire a consultant.

SRA advises that it expects the consultant to cost \$10,000 annually (and \$50,000 over the five-year period covered by this fiscal and policy note). However, the Department of Legislative Services advises that, as SRA would otherwise be required to hire a consultant in fiscal 2029 under current law, there is no impact in that year. Instead, special fund expenditures increase by \$10,000 annually beginning in fiscal 2026, except for fiscal 2029.

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## **Additional Information**

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 1028 (Delegate Forbes)(Chair, Joint Committee on Pensions)  
- Appropriations.

**Information Source(s):** Comptroller' Office; Maryland State Treasurer's Office;  
State Retirement Agency; Department of Legislative Services

**Fiscal Note History:** First Reader - February 26, 2025  
rh/ljm Revised - Updated Information - March 5, 2025

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