

Circuit Court for Harford County
Case No. C-12-CV-23-000395

UNREPORTED*
IN THE APPELLATE COURT
OF MARYLAND

No. 1188

September Term, 2024

IN THE MATTER OF ERIN BOWLING

Reed,
Shaw,
Eyler, James R.
(Senior Judge, Specially Assigned),

JJ.

Opinion by Eyler, J.

Filed: February 13, 2026

*This is an unreported opinion. This opinion may not be cited as precedent within the rule of stare decisis. It may be cited for persuasive value only if the citation conforms to Rule 1-104(a)(2)(B).

Harford County Public Schools (“HCPS”) determined that Erin Bowling, appellant, and a retired teacher, was entitled to a one-third contribution from HCPS towards her health insurance premiums after retirement. Bowling appealed HCPS’s eligibility determination to the Harford County Board of Education (“County Board”), appellee, arguing that she was entitled to the maximum contribution rate of 95%. The County Board affirmed HCPS’s decision. Bowling appealed. The Maryland State Board of Education (“State Board”) affirmed the County Board’s decision. Bowling filed a petition for judicial review. The Circuit Court for Harford County reversed the State Board’s decision. The County Board noted a timely appeal and presents one question for our review, which we have rephrased¹:

Was the State Board’s decision affirming the County Board’s determination that Bowling was entitled to a one-third retiree health insurance contribution rate arbitrary, unreasonable, and capricious?

We conclude that the State Board’s decision upholding HCPS’s denial of Bowling’s request for the maximum contribution rate for her health insurance premiums was supported by substantial evidence and was not arbitrary, unreasonable, or capricious. Therefore, we will reverse the circuit court’s decision and remand with instructions to affirm the State Board’s decision affirming the County Board’s decision.

BACKGROUND

The facts of this case are not in dispute.

¹ The County Board phrased the question as: “Whether the MSBE’s decision, affirming the BOEHC’S decision concerning appellee’s retiree health insurance contribution rate, was arbitrary, unreasonable, and capricious.”

1. Bowling's Employment

Bowling began her employment as a teacher with HCPS in 1990 at the age of twenty-three. On August 24, 1990, she signed a “Regular Contract” with HCPS to serve as a certified teacher effective August 27, 1990. The 1990 contract did not include information about retiree health insurance benefits for eligible retirees.

Bowling resigned on June 1, 2005, effective June 20, 2005, at the age of thirty-eight, with fifteen years of service. Bowling was not eligible to retire in 2005, and she did not retire in 2005.

On July 22, 2006, Bowling was rehired effective August 21, 2006. Bowling signed a new “Regular Contract” with HCPS, and that contract did not include information about retiree health insurance benefits for eligible retirees.

Bowling was employed as a teacher for the County for an additional sixteen years, and on January 14, 2022, she gave notice of her anticipated retirement from employment, effective July 1, 2022. During Bowling's second term of employment with HCPS, she worked continuously as a certified teacher for sixteen years. In total, Bowling worked for HCPS for thirty-one years over the course of two periods of employment separated by a one-year break in service between June 20, 2005 and August 21, 2006.

2. HCPS Retiree Health Insurance Benefits Program

HCPS Benefits Department manages the retiree insurance benefits program. Information regarding retiree health insurance benefits is set forth in the HCPS Retirement Handbook (“Handbook”) and Benefits Enrollment & Reference Guide, which are separate documents that do not expressly reference each other. When Bowling was first hired in

1990, the 1990 HCPS Handbook provided the following information regarding retiree health insurance benefits:

Health Insurance. Employees retiring who have ten (10) or more years of service with Harford County Public Schools, and who are under sixty-five (65) years of age, may continue to participate in our group health insurance program. The Board of Education will pay 90% of the premium based on Blue Cross/Blue Shield Rates.

The Handbook was updated in 2005, providing:

Health Insurance. Employees retiring who have ten (10) or more consecutive years of service with Harford County Public Schools and who are under sixty-five (65) years of age, may continue to participate in our group health insurance program. Currently, the Board of Education will pay 90% of the premium, 80% for members of the Blue Cross Traditional under 65.

The 2006 version of the Handbook provided:

Health Insurance. Employees who retire with ten (10) or more years of continuous service with Harford County Public Schools at the time of retirement and who are under sixty-five (65) years of age may continue to participate in our group health insurance program. Currently, the Board of Education will pay 90% of the premium, 80% for members of the BlueCross Traditional under 65.

The 2006 Handbook also featured a general “Employee Policy Statement” on the back cover of the Retirement Handbook, stating: “The contents of this handbook are subject to change and do not constitute an expressed or implied contract. It should be reviewed so that you will be familiar with the policies that affect you as a retiree.”

The Handbook was revised again in 2014 during Bowling’s second term of employment. The 2014 Retirement Handbook provided²:

² While the entirety of the 1990, 2005, 2006, and 2022 Retirement Handbooks are part of the record, only an excerpt from the 2014 Retirement Handbook is part of the record in this case.

Health Insurance. Employees who retire with ten (10) or more years of continuous service with Harford County Public Schools at the time of retirement and who are under sixty-five (65) years of age may continue to participate in our group health insurance program. For employees hired prior to 7/1/06, the Board of Education will pay 90% of the premium, 85% for members of the BlueCross PPO Plus plan. For employees hired after 7/1/06, the Board will pay 1/3 for 10-19 years of service, 2/3 for 20-29 years of service and 90% or 85% for 30 years of service.

The 2022 Handbook in effect at the time of Bowling's retirement provided:

Health Insurance. Employees who retire with ten (10) or more years of continuous service with Harford County Public Schools at the time of retirement and who are under sixty-five (65) years of age may continue to participate in our group health insurance program. For employees hired before 7/1/06, the Board of Education will pay 95% of the HMO, 90% of the PPO Core, and 85% of the Triple Option premium. For employees hired after 7/1/06, the Board will pay 1/3 of their share for 10-19 years of service, 2/3 of their share for 20-29 years of service, and 90% or 85% for 30 years of service.

The 2022 Handbook also featured a general "Employee Policy Statement" on the first page, which stated:

Welcome to Harford County Public Schools. This handbook has been designed to provide you with essential information regarding the policies and procedures that govern your Retirement from HCPS.

The contents of this handbook are subject to change and do not constitute an expressed or implied contract. It should be reviewed to familiarize yourself with the policies that affect you as a retiree.

In addition to, and in a separate document from, the Retirement Handbooks, HCPS also provides employees with Benefits Enrollment & Reference Guides, which include a section of additional information regarding retiree health insurance benefits. The Benefits Enrollment & Reference Guide, effective July 1, 2021 – June 30, 2022 (the "2022 Guide"), provision regarding retiree insurance benefits, states:

Your retiree insurance benefits are provided by Harford County Public Schools regardless of the retirement plan from which you are receiving your pension. Please note that the insurance benefits and the Board's contribution percentages as shown on the following page are subject to change in the future depending upon the Board and its funding authorities.

While you may be vested in your pension plan, your ability to participate in the retirement insurance plans of HCPS may be limited. In order to be eligible to participate in retiree benefits now or in the future, you must be enrolled for the benefit prior to your retirement date, retire in good standing and begin to receive a monthly pension directly following at least 10 years of continuous service to HCPS immediately preceding retirement.

The 2022 Guide further states:

The cost of your health insurance is paid by you and Harford County Public Schools. For employees hired prior to July 1, 2006, the Board contributes 85-95 percent of the total cost of your health, dental or life insurance. Employees hired after July 1, 2006 receive benefits based on a tiered structure. Service of thirty years or more receive the full Board contribution, retirees with 20-29 years receive two-thirds of Board contribution and 10-19 years of service receive one-third of Board contribution. (Only continuous service time with the Harford County Public Schools applies.)

3. Agency Decisions Regarding Bowling's Retiree Health Insurance Benefits

Prior to Bowling's retirement, she was advised by the HCPS Benefits Department that she was not eligible for the maximum contribution toward her health insurance premium after retirement. On April 12, 2022, Kimberly Neal, HCPS's General Counsel, advised Bowling's counsel that Bowling's retirement benefits were calculated based on her most recent hire date of August 21, 2006.

On May 31, 2022, Benjamin D. Richardson, acting as the Superintendent's designee, determined that Bowling's resignation in 2005 and subsequent rehiring in 2006 constituted a "break in service." He found that Bowling had completed sixteen years of continuous service at the time of her retirement on July 1, 2022. Based on the HCPS retiree

insurance policy, he concluded that Bowling was eligible for a one-third Board contribution toward her retiree healthcare premiums, based on her sixteen years of continuous service at the time of her retirement.

On June 2, 2022, Bowling appealed the Superintendent’s eligibility determination to the County Board. The County Board denied Bowling’s request for a full hearing with witnesses and testimony. Based on the documents in the record, the County Board upheld the Superintendent’s decision, finding that Bowling “had no vested right or interest in future retiree health insurance benefits during her first term of employment” as “[t]hose rights only vested during her second term of employment” and upon her retirement. The County Board determined that “[t]he failure to maintain continuous employment with HCPS caused [Bowling’s] claim in this matter for retirement benefits to encompass only the years from 2006-202[2].” Bowling appealed the County Board’s decision, but she did not challenge the County Board’s denial of her request for a hearing.

On April 26, 2023, the State Board affirmed the County Board’s decision. Based on the 2022 Handbook and the 2022 Guide, the State Board held that the County Board properly followed its policy and calculated Bowling’s eligibility for a one-third contribution rate based on her sixteen years of service following her 2006 date of hire. The State Board determined that Bowling was not vested in any retiree healthcare rights when she terminated her employment in 2005, as she was not eligible to retire at that time, and retirement was a prerequisite to be eligible to participate in the retiree healthcare benefits program. The State Board held that the accumulation of credited service under the retiree healthcare benefits program was different from the contractual rights accrued under a

pension plan and that an accumulation of years must be combined with actual retirement to vest in any retiree health benefits. Furthermore, the 2022 Handbook contained an explicit contractual disclaimer stating that it did not constitute an express or implied contract and stated that HCPS reserved the right to modify its retirement healthcare benefits at any time. The State Board ultimately concluded that the County Board’s decision interpreting its own retirement benefits policy was not arbitrary, unreasonable or illegal.

Bowling filed a petition for judicial review with the circuit court. After briefing and argument, the circuit court issued an oral opinion on the record, reversing the State Board’s decision, followed by a written order. The circuit court determined that there was an adhesive contract between Bowling and the County that could not be retroactively changed by a subsequent policy adopted following her first term of employment and that she was vested in her healthcare retiree benefits as of June 20, 2005. The court concluded that the County Board’s decision was arbitrary, unreasonable, and illegal. The County Board noted a timely appeal.

STANDARD OF REVIEW

In reviewing an administrative agency’s decision, this Court “review[s] the agency’s decision directly[,]” not the circuit court’s decision. *Brawner Builders, Inc. v. State Highway Admin.*, 476 Md. 15, 30 (2021) (quotation marks and citations omitted). Our “role . . . is limited to determining if there is substantial evidence in the record as a whole to support the agency’s findings and conclusions, and to determine if the administrative decision is premised upon an erroneous conclusion of law.” *Donlon v. Montgomery Cnty. Pub. Schs.*, 460 Md. 62, 74 (2018) (quotation marks and citations omitted). “The substantial

evidence test is defined as whether a reasoning mind reasonably could have reached the factual conclusion the agency reached.” *Brandywine Senior Living at Potomac LLC v. Paul*, 237 Md. App. 195, 210 (2018) (quotation marks and citation omitted).

We review an agency’s legal conclusions *de novo*. *Montgomery Park, LLC v. Md. Dep’t of Gen. Servs.*, 254 Md. App. 73, 99 (2022). “With respect to an agency’s conclusions of law, we have often stated that a court reviews *de novo* for correctness. . . . [I]t is always within our prerogative to determine whether an agency’s conclusions of law are correct, and to remedy them if wrong.” *Schwartz v. Md. Dep’t of Nat. Res.*, 385 Md. 534, 554 (2005). “This Court presumes that the decision made by an administrative body is *prima facie* correct.” *Marsheck v. Bd. of Trs. of Fire & Police Emps.’ Ret. Sys. of City of Baltimore*, 358 Md. 393, 402 (2000). Our “primary goal is to determine whether the agency’s decision is in accordance with the law or whether it is arbitrary, illegal, and capricious.” *Long Green Valley Ass’n v. Prigel Fam. Creamery*, 206 Md. App. 264, 274 (2012) (quoting *Md. Dep’t of Env’t v. Ives*, 136 Md. App. 581, 585 (2001)).

The issue of whether the State Board’s determination that Bowling was entitled to a one-third contribution rate under the 2022 Handbook and Guide is primarily a legal issue, and we will review the State Board’s decision accordingly.

DISCUSSION

The County Board argues that the circuit court erred in reversing the State Board’s decision that Bowling was entitled to a one-third contribution rate for her healthcare premiums pursuant to the 2022 Handbook and the HCPS retiree health insurance benefits program in effect at the time she retired. In the County Board’s view, Bowling was not

vested in any contractual retiree healthcare rights when she resigned in 2005 because she was not eligible to retire, and she did not retire, at that time.

Bowling contends that the Handbook constituted an adhesive and implied contract and that, pursuant to the Handbook in effect in 1990 when she began teaching for HCPS, she was contractually vested in the maximum retiree health insurance contribution rate of 95% reimbursement after ten years of service. She asserts that HCPS’s retroactive change to its policy and its failure to credit her fifteen years of service accrued during her initial period of employment constitutes a breach of contractual rights and a violation of her constitutional protections. She further contends that she is entitled to the maximum contribution rate under the 2022 Handbook because she was fifty-four years of age when she retired in 2022, she served ten years continuously before her retirement, and she had an aggregate of thirty-one years of service.³

A.

Bowling Had No Vested Contractual Right in Retiree Health Benefits in 2005

When an employer communicates personnel policy statements to its employees in an employment handbook, such statements, if justifiably relied on by its employees, can create enforceable contractual obligations. *Staggs v. Blue Cross of Md., Inc.*, 61 Md. App. 381, 392 (1985). To constitute a binding contract, the statements must ““meet the contractual requirements for an offer.”” *Id.* (quoting *Pine River State Bank v. Mettille*, 333

³ Bowling contends that the 2022 documents were not lawfully adopted. That argument was not made to the administrative agencies, and we will not consider it.

N.W.2d 622, 626 (Minn. 1983)); *accord Spacesaver Sys., Inc. v. Adam*, 212 Md. App. 422, 439-40 (2013).

In this case, the 1990 Handbook provided: “Employees **retiring** who have ten (10) or more years of service . . . may continue to participate in our group health insurance program. The Board of Education will pay 90% of the premium[.]” (Emphasis added.) We agree with the State Board’s conclusion that, pursuant to the 1990 Handbook, retirement was a condition precedent to Bowling’s eligibility to participate in any retiree healthcare benefits, and that “years of service alone [did] not ‘vest’ [her] in any retiree health benefits” during her first term of service.

“Generally, when a condition precedent is unsatisfied, the corresponding contractual duty of the party whose performance was conditioned on it does not arise.” *Chesapeake Bank of Md. v. Monro Muffler/Brake, Inc.*, 166 Md. App. 695, 708 (2006) (quoting *B & P Enters. v. Overland Equip. Co.*, 133 Md. App. 583, 606-07 (2000)). *See also Saxton v. Bd. of Trs. of Fire & Police Emps.’ Ret. Sys. of City of Baltimore*, 266 Md. 690, 694 (1972) (explaining in the context of eligibility for a pension that the right to a pension depends upon the controlling statutory provisions and the claimant’s satisfactory performance of all conditions precedent).

Bowling does not dispute that she resigned, rather than retired, in 2005. The 1990 and 2005 Handbooks make clear that retirement was a condition precedent to receiving the HCPS’s retiree health insurance benefits. Because Bowling failed to meet the condition precedent of retiring, no contract was formed during her first term of employment, and Bowling had no vested contractual right in the retiree healthcare benefits program.

B.

HCPS Expressly Disclaimed Contractual Intent

This Court has held that an employee cannot justifiably rely upon an employer's policy statement if that statement expressly and conspicuously disclaims contractual intent. *Castiglione v. Johns Hopkins Hosp.*, 69 Md. App. 325, 339-41 (1986); *Bagwell v. Peninsula Reg'l Med. Ctr.*, 106 Md. App. 470, 494 (1995). In *Castiglione*, an at-will hospital employee challenged her termination based on provisions in the employee handbook providing that supervisors were required to perform employee performance reviews at least once per year. 69 Md. App. at 328-29. The employee, who did not receive a review in the year prior to her termination, claimed that the hospital had breached the terms of the contract created by the employee handbook. *Id.*

The hospital denied the existence of a contractual obligation based on various provisions in employee handbook, including a reservation of the hospital's right to modify its policies, a disclaimer of an express or implied contract, and a mutual statement that the hospital and employee reserved the right to separate from employment at any time. *Id.* at 329-30. This Court upheld the award of summary judgment in favor of the hospital, holding that no implied contract existed because the employee manual contained a clear disclaimer of contractual intent. *Id.* at 339-40. In response to the employee's argument that the manual in effect at the time she was hired did not contain a disclaimer, we explained that, even if the review provisions of the handbook issued to the employee at the time she was hired constituted an implied contract, the later handbook, which contained a disclaimer, superseded any earlier editions. *Id.* at 334 n.4. We concluded that, "[b]y continuing to work

for [the hospital] after the new manual’s issuance, [the employee], by her conduct, impliedly would have assented to a modification of her employment agreement.” *Id.*

In *Bagwell*, we relied on the reasoning in *Castiglione* in holding that Bagwell could not justifiably rely on provisions of the employee handbook to create a contract where the handbook contained a disclaimer which expressly stated that “the [h]andbook should not be treated as a contract in any way.” 106 Md. App. at 494. The employee handbook at issue in *Bagwell* also stated that the employer “reserved the right to change any of the terms of the [h]andbook at any time, as well as the right to discharge any employee at any time.” *Id.* We concluded that, “[c]onsequently, Bagwell cannot reasonably assert justifiable reliance on any of the terms of the [h]andbook.” *Id.* See also *Hrehorovich v. Harbor Hosp. Ctr., Inc.*, 93 Md. App. 772, 794 (1992) (“[R]eliance on expressed personnel policies and procedures is precluded where those same policies clearly and effectively disclaimed any contractual intent.” (citing *Castiglione*, 69 Md. App. at 339-41)).

In this case, both the 2006 Handbook and the 2022 Handbook contain contract disclaimers and language reserving HCPS’s right to unilaterally modify the Handbook’s policies. Specifically, the Handbooks state that the “contents of this handbook are subject to change and do not constitute an expressed or implied contract.” Though the 2006 disclaimer appears on the last page of the Handbook, the 2022 disclaimer appears on the first page of the Handbook. Because Bowling continued to work for HCPS until July 1, 2022, she impliedly consented to the 2022 Handbook policies. We agree with the State Board’s conclusion that the provisions in the 2022 Handbook disclaiming any contractual intent and reserving HCPS’s right to modify its retiree healthcare benefits at any time

prevented the formation of any contractual rights based on the retiree healthcare policies.

Based on our determination that the 1990 Handbook did not create an enforceable contract, and Bowling did not have any vested rights when she resigned from employment in 2005, her arguments that the State Board violated her contractual rights under the Contract Clause of the United States Constitution are without merit. *See Baltimore Tchrs. Union, Am. Fed’n of Tchrs. Local 340, AFL-CIO v. Mayor & City Council of Baltimore*, 6 F.3d 1012, 1015 (4th Cir. 1993) (setting forth the requirements for establishing a violation of the Contract Clause of the United States Constitution, including the “threshold” requirement of a showing that “there has been [an] impairment of a contract”); *see also United States Tr. Co. of N.Y. v. New Jersey*, 431 U.S. 1, 17 (1977) (“[A]s a preliminary matter, appellant’s claim requires a determination that the [law] has the effect of impairing a contractual obligation.”). Accordingly, Bowling’s impairment of contract claim fails as a matter of law.

C.

The State Board Did Not Err In Upholding the County Board’s Decision

Because the 2022 Handbook and 2022 Guide were effective on the date of Bowling’s retirement, the County Board calculated Bowling’s retiree healthcare benefits consistent with the policies contained in the 2022 Handbook and 2022 Guide. The 2022 Handbook expressly states that a retiree must have ten years of *continuous* service to be eligible for HCPS retiree healthcare benefits. The Handbook further defines eligibility for benefits between employees hired before July 1, 2006 and employees hired after July 1, 2006. The Handbook specifies that employees hired before July 1, 2006 were entitled to

the maximum contribution rate, between 85% and 95% of their healthcare premiums. Employees hired after July 1, 2006 with ten to nineteen years of service received a one-third contribution rate; employees with twenty to twenty-nine years of services received a two-thirds contribution rate, and employees with thirty years of service received 90% or 85% contribution rate.

Bowling does not dispute that she resigned from her position in 2005. When Bowling was rehired by HCPS effective August 21, 2006, she signed a new employment contract with HCPS. There is no provision in the 2022 Handbook or the 2022 Guide providing that a retiree is entitled to credit for the aggregate of total years of service in determining the retiree's healthcare contribution rate from HCPS. Accordingly, Bowling's resignation in 2005 and her rehire in 2006 constituted a break in service, rendering her tenure with HCPS non-continuous.

We conclude that the State Board did not err in upholding the County Board's determination that Bowling was entitled to health insurance benefits representing a one-third contribution rate from HCPS based upon her sixteen years of continuous service preceding her retirement in 2022.

**JUDGMENT OF THE CIRCUIT COURT
FOR HARFORD COUNTY REVERSED
AND REMANDED FOR FURTHER
PROCEEDINGS CONSISTENT WITH
THIS OPINION. APPELLEE TO PAY
COSTS.**