

SENATE BILL 221  
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2001 Regular Session  
(11r1050)

**ENROLLED BILL**  
*-- Budget and Taxation/Appropriations --*

Introduced by **Senator Kasemeyer (Chairman, Joint Committee on Pensions)**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
President.

CHAPTER 733

1 AN ACT concerning

2 **Employees' and Teachers' Pensions and Retirement Systems State**  
3 **Retirement and Pension System - Reemployment of Retirees**

4 FOR the purpose of exempting from a certain offset of a ~~retirement~~ an allowance  
5 certain retirees of, and individuals receiving a vested allowance from the  
6 ~~employees' and teachers' retirement systems or the employees' and teachers'~~  
7 ~~pension systems~~ Employees' Retirement System, Teachers' Retirement System,  
8 Employees' Pension System, Teachers' Pension System, or Correctional Officers'  
9 Retirement System who are reemployed by certain employers; altering certain  
10 requirements for the reemployment of certain retirees of certain retirement and  
11 pension systems in the State Retirement and Pension System; exempting from a  
12 certain offset of a retirement allowance certain retirees of the employees' and  
13 teachers' pension systems who have been retired for a certain period of time;  
14 requiring certain employers to provide certain information to the State  
15 Retirement Agency; providing for the termination of certain provisions of this  
16 Act; making certain technical changes; and generally relating to the  
17 reemployment of retirees of ~~the employees' and teachers' retirement systems~~

1 ~~and the employees' and teachers' pension systems, and individuals receiving a~~  
 2 ~~vested allowance from, certain retirement and pension systems in the State~~  
 3 ~~Retirement and Pension System.~~

4 ~~BY repealing and reenacting, without amendments,~~

5 ~~Article - State Personnel and Pensions~~

6 ~~Section 21-304~~

7 ~~Annotated Code of Maryland~~

8 ~~(1997 Replacement Volume and 2000 Supplement)~~

9 BY repealing and reenacting, with amendments,

10 Article - State Personnel and Pensions

11 Section 22-406 ~~and~~, 23-407, and 25-403

12 Annotated Code of Maryland

13 (1997 Replacement Volume and 2000 Supplement)

14 BY repealing and reenacting, with amendments,

15 Article - State Personnel and Pensions

16 ~~Section 22-406(b)(2)(vi)5, 22-406(b)(4)(vi)5, and (vii)2, and 23-407(b)(2)(iv)5,~~

17 ~~23-407(b)(4)(iv)5, and (v)~~

18 Annotated Code of Maryland

19 (1997 Replacement Volume and 2000 Supplement)

20 (As enacted by Section 1 of this Act)

21 BY adding to

22 Article - State Personnel and Pensions

23 ~~Section 22-406(b)(2)(viii), 22-406(b)(4)(viii) and (k) and 23-407(b)(2)(vi)~~

24 ~~23-407(b)(4)(vi) and (k)~~

25 Annotated Code of Maryland

26 (1997 Replacement Volume and 2000 Supplement)

27 (As enacted by Section 1 of this Act)

28 BY repealing and reenacting, with amendments,

29 Chapter 353 of the Acts of the General Assembly of 1996

30 Section 3

31 BY repealing and reenacting, with amendments,

32 Chapter 736 of the Acts of the General Assembly of 1997

33 Section 3

34 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

35 MARYLAND, That the Laws of Maryland read as follows:

## 1 Article - State Personnel and Pensions

2 ~~21-304.~~

3 (a) ~~In this section, "State member" does not include a member on whose behalf~~  
4 ~~a participating governmental unit is required to make an employer contribution~~  
5 ~~under § 21-305 or § 21-306 of this subtitle.~~

6 (b) (1) ~~Each fiscal year, on behalf of the State members of each State system,~~  
7 ~~the State shall pay to the appropriate accumulation fund an amount equal to or~~  
8 ~~greater than the product of multiplying:~~

9 (i) ~~the aggregate annual earnable compensation of the State~~  
10 ~~members of that State system; and~~

11 (ii) ~~the sum of the normal contribution rate and the accrued~~  
12 ~~liability contribution rate, as determined under this section.~~

13 (2) ~~The amount determined under paragraph (1) of this subsection for~~  
14 ~~each State system shall be based on an actuarial determination of the amounts that~~  
15 ~~are required to preserve the integrity of the funds of the several systems using:~~

16 (i) ~~the entry age actuarial cost method; and~~

17 (ii) ~~actuarial assumptions adopted by the Board of Trustees.~~

18 (3) ~~For the purpose of making the determinations required under this~~  
19 ~~section:~~

20 (i) ~~the Employees' Retirement System and the Employees' Pension~~  
21 ~~System shall be considered together as one State system; and~~

22 (ii) ~~the Teachers' Retirement System and the Teachers' Pension~~  
23 ~~System shall be considered together as one State system.~~

24 (c) (1) ~~As part of each actuarial valuation, the actuary shall determine the~~  
25 ~~normal contributions, net of member contributions, on account of the State members~~  
26 ~~of each State system.~~

27 (2) ~~For each State system, the normal contribution rate equals the~~  
28 ~~fraction that has:~~

29 (i) ~~as its numerator, the sum of the normal contributions~~  
30 ~~determined under this subsection; and~~

31 (ii) ~~as its denominator, the aggregate annual earnable~~  
32 ~~compensation of the State members of the State system.~~

33 (d) (1) ~~For each State system, the accrued liability contribution rate shall be~~  
34 ~~computed as the percent of the aggregate annual earnable compensation of the State~~  
35 ~~members of that State system that is sufficient to liquidate over 40 years beginning~~

1 ~~July 1, 1980, the amount, as of June 30, 1980, by which the total liabilities of that~~  
2 ~~State system on account of State members exceeded the sum of:~~

3 ~~(i) the assets of the accumulation fund and the annuity savings~~  
4 ~~fund of that State system, other than assets to the credit of the participating~~  
5 ~~governmental units; and~~

6 ~~(ii) the present value of future normal contributions and future~~  
7 ~~member contributions to that State system on behalf of or by State members.~~

8 ~~(2) On the recommendation of the actuary, the Board of Trustees may~~  
9 ~~adjust the accrued liability contribution rates to reflect, over the greater of 15 years or~~  
10 ~~the time remaining to amortize the accrued liability:~~

11 ~~(i) experience gains and losses; and~~

12 ~~(ii) the effect of changes in actuarial assumptions.~~

13 ~~(3) Except as provided in paragraphs (4) and (5) of this subsection, if the~~  
14 ~~accrued liability is increased by legislation enacted after July 1, 1980, the additional~~  
15 ~~liability shall be funded over 30 years beginning on July 1 coincident with or next~~  
16 ~~following the effective date of the increase.~~

17 ~~(4) If the accrued liability is increased by legislation that provides for~~  
18 ~~early retirement of State employees, the additional liability shall be funded over a~~  
19 ~~period of 5 years beginning on:~~

20 ~~(i) July 1, 1997 for legislation effective June 1, 1996; and~~

21 ~~(ii) July 1, 1998 for legislation effective June 1, 1997.~~

22 ~~(5) If the accrued liability is increased by legislation effective July 1,~~  
23 ~~1998, that provides for changes in the method of computing the retirement allowance~~  
24 ~~of members of the Employees' Pension System or the Teachers' Pension System, the~~  
25 ~~additional liability shall be funded over a period of 20 years beginning on July 1,~~  
26 ~~1999.~~

27 ~~(6) If the accrued liability is increased by legislation effective June 1,~~  
28 ~~1998, that provides for the early retirement of employees of the University System of~~  
29 ~~Maryland who are members of the Employees' Pension System or the Employees'~~  
30 ~~Retirement System, the additional liability shall be determined by the actuary and~~  
31 ~~funded over a period of 5 years beginning on July 1, 1999 by payment of an annual~~  
32 ~~accrued liability contribution by the University System of Maryland and the Medical~~  
33 ~~System as provided in § 21-307(i) and (j) of this subtitle.~~

34 22-406.

35 (a) Subject to subsection (b) of this section, an AN individual who is receiving  
36 a service retirement allowance or vested allowance may accept employment with a  
37 participating employer on a permanent, temporary, or contractual basis, ~~without any~~

1 reduction in the allowance, if; the individual immediately notifies the Board of  
2 Trustees:

3 (1) of the individual's intention to accept the employment; and

4 (2) of the compensation that the individual will receive

5 (1) THE INDIVIDUAL IMMEDIATELY NOTIFIES THE BOARD OF TRUSTEES  
6 OF THE INDIVIDUAL'S INTENTION TO ACCEPT THIS EMPLOYMENT; AND

7 (2) THE INDIVIDUAL SPECIFIES THE COMPENSATION TO BE RECEIVED;  
8 AND

9 (3) THE INDIVIDUAL:

10 (I) IS RECEIVING A NORMAL SERVICE RETIREMENT ALLOWANCE  
11 UNDER § 22-401 OF THIS SUBTITLE;

12 (II) IS RECEIVING AN EARLY SERVICE RETIREMENT ALLOWANCE  
13 UNDER § 22-402 OF THIS SUBTITLE AND HAS BEEN RETIRED FOR AT LEAST 12  
14 MONTHS PRIOR TO BECOMING REEMPLOYED; OR

15 (III) IS RECEIVING A VESTED ALLOWANCE UNDER § 29-302 OF THIS  
16 ARTICLE.

17 (b) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THIS  
18 SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHOSE CURRENT EMPLOYER IS:

19 (1) WHOSE CURRENT EMPLOYER IS

20 (B) (1) THE BOARD OF TRUSTEES SHALL REDUCE THE ALLOWANCE OF AN  
21 INDIVIDUAL WHO ACCEPTS EMPLOYMENT AS PROVIDED UNDER SUBSECTION (A) OF  
22 THIS SECTION IF:

23 (I) THE INDIVIDUAL'S CURRENT EMPLOYER IS A PARTICIPATING  
24 EMPLOYER OTHER THAN THE STATE AND IS THE SAME PARTICIPATING EMPLOYER  
25 THAT EMPLOYED THE INDIVIDUAL AT THE TIME OF THE INDIVIDUAL'S LAST  
26 SEPARATION FROM EMPLOYMENT WITH A PARTICIPATING EMPLOYER BEFORE THE  
27 INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR  
28 VESTED ALLOWANCE; ~~OR~~

29 (II) ~~A WHOSE~~ THE INDIVIDUAL'S CURRENT EMPLOYER IS ANY UNIT  
30 OF STATE GOVERNMENT THAT IS THE SAME UNIT OF STATE GOVERNMENT THAT  
31 EMPLOYED THE INDIVIDUAL AND WHOSE THE INDIVIDUAL'S EMPLOYER AT THE  
32 TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH THE STATE  
33 BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT  
34 ALLOWANCE OR VESTED ALLOWANCE WAS ALSO A UNIT OF STATE GOVERNMENT; OR

1 (III) THE INDIVIDUAL BECOMES REEMPLOYED WITHIN 12 MONTHS  
 2 OF RECEIVING AN EARLY SERVICE RETIREMENT ALLOWANCE UNDER § 22-402 OF  
 3 THIS SUBTITLE.

4 (2) THE REDUCTION REQUIRED UNDER PARAGRAPH (1) OF THIS  
 5 SUBSECTION SHALL EQUAL:

6 (I) THE AMOUNT BY WHICH THE SUM OF THE INDIVIDUAL'S  
 7 INITIAL ANNUAL BASIC ALLOWANCE AND THE INDIVIDUAL'S ANNUAL  
 8 COMPENSATION EXCEEDS THE AVERAGE FINAL COMPENSATION USED TO COMPUTE  
 9 THE BASIC ALLOWANCE; OR

10 (II) FOR A RETIREE WHO RETIRED UNDER THE WORKFORCE  
 11 REDUCTION ACT (CHAPTER 353 OF THE ACTS OF 1996), THE AMOUNT BY WHICH THE  
 12 SUM OF THE RETIREE'S ANNUAL COMPENSATION AND THE RETIREE'S ANNUAL  
 13 BASIC ALLOWANCE AT THE TIME OF RETIREMENT, INCLUDING THE INCENTIVE  
 14 PROVIDED BY THE WORKFORCE REDUCTION ACT, EXCEEDS THE AVERAGE FINAL  
 15 COMPENSATION USED TO COMPUTE THE BASIC ALLOWANCE.

16 (3) A REDUCTION OF AN EARLY SERVICE RETIREMENT ALLOWANCE  
 17 UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION SHALL BE APPLIED ONLY UNTIL  
 18 THE INDIVIDUAL HAS RECEIVED AN ALLOWANCE FOR 12 MONTHS.

19 [(1)] ~~(2)-(4) This subsection~~ EXCEPT FOR AN INDIVIDUAL WHOSE  
 20 ALLOWANCE IS SUBJECT TO A REDUCTION AS PROVIDED UNDER PARAGRAPHS (1)(I)  
 21 AND (3) OF THIS SUBSECTION, THE REDUCTION OF AN ALLOWANCE UNDER THIS  
 22 SUBSECTION does not apply to:

23 (i) an individual who has been retired for more than 10 years;

24 (ii) an individual whose average final compensation was less than  
 25 \$10,000 and who is reemployed on a temporary or contractual basis;

26 (iii) an individual who is serving in an elected position as an official  
 27 of a participating governmental unit or as a constitutional officer for a county that is  
 28 a participating governmental unit;

29 (iv) a retiree of the Teachers' Retirement System:

30 1. who retired and was reemployed by a participating  
 31 employer other than the State on or before September 30, 1994; and

32 2. whose employment compensation does not derive, in whole  
 33 or in part, from State funds;

34 (v) a retiree of the Teachers' Retirement System who:

35 1. is or has been certified to teach in the State;



1 ~~B. retired with an early service retirement allowance under §~~  
 2 ~~22-402 of this subtitle and has been retired for at least 12 months;~~

3 ~~5. 4.~~ receives verification of better than satisfactory  
 4 performance each year the retiree is employed as a principal under item 3 of this  
 5 item; and

6 ~~6. 5.~~ is not employed as a principal under item 3 of this  
 7 item for more than 4 years; or

8 (vii) a retiree of the Teachers' Retirement System:

9 1. who retired from a board of education or local school  
 10 system; and

11 2. who is reemployed in a part-time position with the  
 12 University System of Maryland.

13 ~~{(2)} (3) The Board of Trustees shall reduce an individual's allowance:~~

14 ~~(i) by the amount that the sum of the individual's initial annual~~  
 15 ~~basic allowance and the individual's annual compensation exceeds the average final~~  
 16 ~~compensation used to compute the basic allowance; or~~

17 ~~(ii) for a retiree who retired under the Workforce Reduction Act~~  
 18 ~~(Chapter 353 of the Acts of 1996), by the amount that the sum of the retiree's annual~~  
 19 ~~compensation and the retiree's annual basic allowance at the time of retirement,~~  
 20 ~~including the incentive provided by the Workforce Reduction Act, exceeds the average~~  
 21 ~~final compensation used to compute the basic allowance.~~

22 (c) An individual who is receiving a service retirement allowance or a vested  
 23 allowance and who is reemployed by a participating employer may not receive  
 24 creditable service or eligibility service during the period of reemployment.

25 (d) The individual's compensation during the period of reemployment may not  
 26 be subject to the employer pickup provisions of § 21-303 of this article or any  
 27 reduction or deduction as a member contribution for pension or retirement purposes.

28 (e) The State Retirement Agency shall institute appropriate reporting  
 29 procedures with the affected payroll systems to ensure compliance with this section.

30 (f) (1) Immediately on the employment of any individual receiving a service  
 31 retirement allowance or a vested allowance, a participating employer shall notify the  
 32 State Retirement Agency of the type of employment and the anticipated earnings of  
 33 the individual.

34 (2) At least once each year, in a format specified by the State Retirement  
 35 Agency, each participating employer shall provide the State Retirement Agency with  
 36 a list of all employees included on any payroll of the employer, the Social Security  
 37 numbers of the employees, and their earnings for that year.

1 (g) The county boards of education shall notify the State Retirement Agency of  
2 any retired teachers who qualify under subsection [(b)(1)(v)] ~~(B)(2)(V)~~ (B)(4)(V) of this  
3 section or any personnel who qualify under subsection [(b)(1)(vi)] ~~(B)(2)(VI)~~ (B)(4)(VI) of  
4 this section.

5 (h) The State Board of Education shall notify the county boards of education  
6 of:

7 (1) any public school that is recommended for reconstitution or has been  
8 reconstituted;

9 (2) any public school that is no longer recommended for reconstitution or  
10 is otherwise found to meet the standards for school performance set by the State  
11 Board of Education after reconstitution or a recommendation for reconstitution;

12 (3) any county or subject area on a statewide basis in which the State  
13 Board of Education finds there is a shortage of teachers; and

14 (4) a finding that there is no longer a shortage of teachers in a county or  
15 subject area on a statewide basis.

16 (i) In addition to any regulations adopted in accordance with § 6-202 of the  
17 Education Article, the State Board of Education shall adopt regulations concerning  
18 the employment terms of retired teachers and personnel described in subsection  
19 [(b)(1)(vi)] ~~(B)(2)(VI)~~ (B)(4)(VI) of this section.

20 (J) ~~AT THE REQUEST OF THE STATE RETIREMENT AGENCY; A PARTICIPATING  
21 EMPLOYER OR PRINCIPAL UNIT OF STATE GOVERNMENT SHALL CERTIFY TO THE  
22 STATE RETIREMENT AGENCY THAT IT IS NOT THE SAME PARTICIPATING EMPLOYER  
23 OR PRINCIPAL UNIT OF STATE GOVERNMENT THAT EMPLOYED AN INDIVIDUAL AT  
24 THE TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT BEFORE  
25 THE INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR  
26 VESTED ALLOWANCE.~~

27 (1) A PARTICIPATING EMPLOYER SHALL CERTIFY TO THE STATE  
28 RETIREMENT AGENCY THAT IT IS NOT THE SAME PARTICIPATING EMPLOYER THAT  
29 EMPLOYED AN INDIVIDUAL AT THE TIME OF THE INDIVIDUAL'S LAST SEPARATION  
30 FROM EMPLOYMENT BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE  
31 RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE; OR

32 (2) A UNIT OF STATE GOVERNMENT SHALL CERTIFY TO THE STATE  
33 RETIREMENT AGENCY THAT THE INDIVIDUAL WAS NOT EMPLOYED BY ANY UNIT OF  
34 STATE GOVERNMENT AT THE TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM  
35 EMPLOYMENT BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE  
36 RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE.

37 23-407.

38 (a) ~~Subject to subsection (b) of this section, an AN individual who is receiving~~  
39 a service retirement allowance or a vested allowance may accept employment with a

1 participating employer on a permanent, temporary, or contractual basis, ~~without any~~  
 2 ~~reduction in the allowance~~, if:

3 (1) the individual immediately notifies the Board of Trustees of the  
 4 individual's intention to accept this employment; ~~AND and~~

5 (2) the individual specifies the compensation to be received; ~~AND~~

6 ~~(3) THE INDIVIDUAL:~~

7 ~~(I) IS RECEIVING A NORMAL SERVICE RETIREMENT ALLOWANCE~~  
 8 ~~UNDER § 23-401 OF THIS SUBTITLE;~~

9 ~~(II) IS RECEIVING AN EARLY SERVICE RETIREMENT ALLOWANCE~~  
 10 ~~OR AN EARLY VESTED ALLOWANCE COMPUTED UNDER § 23-402 OF THIS SUBTITLE~~  
 11 ~~AND HAS BEEN RECEIVING THE ALLOWANCE FOR AT LEAST 12 MONTHS PRIOR TO~~  
 12 ~~BECOMING REEMPLOYED; OR~~

13 ~~(III) IS RECEIVING A VESTED ALLOWANCE UNDER § 29-303 OF THIS~~  
 14 ~~ARTICLE THAT BEGINS AT NORMAL RETIREMENT AGE;~~

15 ~~(b) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THIS~~  
 16 ~~SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHOSE CURRENT EMPLOYER IS:~~

17 ~~(a) WHOSE CURRENT EMPLOYER IS~~

18 ~~(B) (1) THE BOARD OF TRUSTEES SHALL REDUCE THE ALLOWANCE OF AN~~  
 19 ~~INDIVIDUAL WHO ACCEPTS EMPLOYMENT AS PROVIDED UNDER SUBSECTION (A) OF~~  
 20 ~~THIS SECTION IF:~~

21 ~~(I) THE INDIVIDUAL'S CURRENT EMPLOYER IS A PARTICIPATING~~  
 22 ~~EMPLOYER OTHER THAN THE STATE AND IS THE SAME PARTICIPATING EMPLOYER~~  
 23 ~~THAT EMPLOYED THE INDIVIDUAL AT THE TIME OF THE INDIVIDUAL'S LAST~~  
 24 ~~SEPARATION FROM EMPLOYMENT WITH A PARTICIPATING EMPLOYER BEFORE THE~~  
 25 ~~INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR~~  
 26 ~~VESTED ALLOWANCE; OR~~

27 ~~(II) A WHOSE THE INDIVIDUAL'S CURRENT EMPLOYER IS ANY UNIT~~  
 28 ~~OF STATE GOVERNMENT THAT IS THE SAME UNIT OF STATE GOVERNMENT THAT~~  
 29 ~~EMPLOYED THE INDIVIDUAL AND WHOSE THE INDIVIDUAL'S EMPLOYER AT THE~~  
 30 ~~TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH THE STATE~~  
 31 ~~BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT~~  
 32 ~~ALLOWANCE OR VESTED ALLOWANCE WAS ALSO A UNIT OF STATE GOVERNMENT; OR~~

33 ~~(III) THE INDIVIDUAL BECOMES REEMPLOYED WITHIN 12 MONTHS~~  
 34 ~~OF RECEIVING AN EARLY SERVICE RETIREMENT ALLOWANCE OR AN EARLY VESTED~~  
 35 ~~ALLOWANCE COMPUTED UNDER § 23-402 OF THIS SUBTITLE.~~

36 ~~(2) THE REDUCTION REQUIRED UNDER PARAGRAPH (1) OF THIS~~  
 37 ~~SUBSECTION SHALL EQUAL:~~

1 (I) THE AMOUNT BY WHICH THE SUM OF THE INDIVIDUAL'S  
 2 INITIAL ANNUAL BASIC ALLOWANCE AND THE INDIVIDUAL'S ANNUAL  
 3 COMPENSATION EXCEEDS THE AVERAGE FINAL COMPENSATION USED TO COMPUTE  
 4 THE BASIC ALLOWANCE; OR

5 (II) FOR A RETIREE WHO RETIRED UNDER THE WORKFORCE  
 6 REDUCTION ACT (CHAPTER 353 OF THE ACTS OF 1996), THE AMOUNT BY WHICH THE  
 7 SUM OF THE RETIREE'S ANNUAL COMPENSATION AND THE RETIREE'S ANNUAL  
 8 BASIC ALLOWANCE AT THE TIME OF RETIREMENT, INCLUDING THE INCENTIVE  
 9 PROVIDED BY THE WORKFORCE REDUCTION ACT, EXCEEDS THE AVERAGE FINAL  
 10 COMPENSATION USED TO COMPUTE THE BASIC ALLOWANCE.

11 (3) A REDUCTION OF AN EARLY SERVICE RETIREMENT ALLOWANCE OR  
 12 AN EARLY VESTED ALLOWANCE UNDER PARAGRAPH (1)(III) OF THIS SUBSECTION  
 13 SHALL BE APPLIED ONLY UNTIL THE INDIVIDUAL HAS RECEIVED AN ALLOWANCE  
 14 FOR 12 MONTHS.

15 [(1)] ~~(2)~~ (4) ~~This subsection~~ EXCEPT FOR AN INDIVIDUAL WHOSE  
 16 ALLOWANCE IS SUBJECT TO A REDUCTION AS PROVIDED UNDER PARAGRAPHS (1)(I)  
 17 AND (3) OF THIS SUBSECTION, THE REDUCTION OF AN ALLOWANCE UNDER THIS  
 18 SUBSECTION does not apply to:

19 (i) an individual whose average final compensation was less than  
 20 \$10,000 and who is reemployed on a temporary or contractual basis;

21 (ii) an individual who is serving in an elected position as an official  
 22 of a participating governmental unit or as a constitutional officer for a county that is  
 23 a participating governmental unit;

24 (iii) a retiree of the Teachers' Pension System who:

25 1. is or has been certified to teach in the State;

26 2. has verification of satisfactory or better performance in  
 27 the last assignment prior to retirement;

28 3. based on the retired teacher's qualifications, has been  
 29 appointed in accordance with § 4-103 of the Education Article;

30 4. ~~A. retired with a normal service retirement allowance~~  
 31 ~~under § 23-401 of this article; or~~

32 ~~B. retired with an early service retirement allowance under §~~  
 33 ~~23-402 of this article and has been retired for at least 12 months;~~

34 ~~5.~~ 4. subject to item ~~6~~ 5 of this item is employed as:

35 A. a substitute classroom teacher or substitute teacher  
 36 mentor in a public school that has been recommended for reconstitution, or has been

1 reconstituted, by the State Board of Education, until the public school meets the  
2 standards for school performance set by the State Board of Education;

3 B. a classroom teacher or teacher mentor in a public school  
4 that has been recommended for reconstitution, or has been reconstituted, by the State  
5 Board of Education, until the public school meets the standards for school  
6 performance set by the State Board of Education;

7 C. a classroom teacher or teacher mentor in a county or  
8 subject area on a statewide basis in which the State Board of Education finds that  
9 there is a shortage of teachers, until the State Board of Education finds the shortage  
10 no longer exists in that county or subject area on a statewide basis; or

11 D. a substitute classroom teacher or substitute teacher  
12 mentor in a county or subject area on a statewide basis in which the State Board of  
13 Education finds that there is a shortage of teachers, until the State Board of  
14 Education finds the shortage no longer exists in that county or subject area on a  
15 statewide basis; and

16 ~~6.~~ 5. receives verification of satisfactory or better  
17 performance each year the teacher is employed under item ~~5~~ 4 of this item; [or]

18 (iv) a retiree of the Teachers' Pension System who:

19 1. was employed as a principal within 5 years of retirement;

20 2. has verification of better than satisfactory performance in  
21 the last assignment as a principal prior to retirement;

22 3. based on the retiree's qualifications, has been hired as a  
23 principal;

24 ~~4. A. retired with a normal service retirement allowance~~  
25 ~~under § 23-401 of this subtitle; or~~

26 ~~B. retired with an early service retirement allowance under §~~  
27 ~~23-402 of this subtitle and has been retired for at least 12 months;~~

28 ~~5.~~ 4. receives verification of better than satisfactory  
29 performance each year the retiree is employed as a principal under item 3 of this  
30 item; and

31 ~~6.~~ 5. is not employed as a principal under item 3 of this  
32 item for more than 4 years; OR

33 (V) AN INDIVIDUAL WHO HAS BEEN RETIRED FOR MORE THAN 10  
34 YEARS.

35 ~~{(2)}~~ ~~(3)~~ ~~The Board of Trustees shall reduce an individual's allowance:~~

1                   (i)       by the amount that the sum of the individual's initial annual  
2 basic allowance and the individual's annual compensation exceeds the average final  
3 compensation used to compute the basic allowance; or

4                   (ii)       for a retiree who retired under the Workforce Reduction Act  
5 (Chapter 353 of the Acts of 1996), by the amount that the sum of the retiree's annual  
6 compensation and the retiree's annual basic allowance at the time of retirement,  
7 including the incentive provided by the Workforce Reduction Act, exceeds the average  
8 final compensation used to compute the basic allowance.

9       (c)       An individual who is receiving a service retirement allowance or a vested  
10 allowance and who is reemployed by a participating employer may not receive  
11 creditable service or eligibility service during the period of reemployment.

12       (d)       The individual's compensation during the period of reemployment may not  
13 be subject to the employer pickup provisions of § 21-303 of this article or any  
14 reduction or deduction as a member contribution for pension or retirement purposes.

15       (e)       The State Retirement Agency shall institute appropriate reporting  
16 procedures with the affected payroll systems to ensure compliance with this section.

17       (f)       (1)       Immediately on the employment of any individual receiving a service  
18 retirement allowance or a vested allowance, a participating employer shall notify the  
19 State Retirement Agency of the type of employment and the anticipated earnings of  
20 the individual.

21               (2)       At least once each year, in a format specified by the State Retirement  
22 Agency, each participating employer shall provide the State Retirement Agency with  
23 a list of all employees included on any payroll of the employer, the Social Security  
24 numbers of the employees, and their earnings for that year.

25       (g)       The county boards of education shall notify the State Retirement Agency of  
26 any retired teachers who qualify under subsection [(b)(1)(iii)] ~~(B)(2)(III)~~ (B)(4)(III) of  
27 this section or any personnel who qualify under subsection [(b)(1)(iv)] ~~(B)(2)(IV)~~  
28 (B)(4)(IV) of this section.

29       (h)       The State Board of Education shall notify the county boards of education  
30 of:

31               (1)       any public school that is recommended for reconstitution or has been  
32 reconstituted;

33               (2)       any public school that is no longer recommended for reconstitution or  
34 is otherwise found to meet the standards for school performance set by the State  
35 Board of Education after reconstitution or a recommendation for reconstitution;

36               (3)       any county or subject area on a statewide basis in which the State  
37 Board of Education finds there is a shortage of teachers; and

1 (4) a finding that there is no longer a shortage of teachers in a county or  
2 subject area on a statewide basis.

3 (i) In addition to any regulations adopted in accordance with § 6-202 of the  
4 Education Article, the State Board of Education shall adopt regulations concerning  
5 the employment terms of retired teachers and personnel described in subsection  
6 [(b)(1)(iv)] ~~(B)(2)(IV)~~ (B)(4)(IV) of this section.

7 (J) ~~AT THE REQUEST OF THE STATE RETIREMENT AGENCY; A PARTICIPATING  
8 EMPLOYER OR PRINCIPAL UNIT OF STATE GOVERNMENT SHALL CERTIFY TO THE  
9 STATE RETIREMENT AGENCY THAT IT IS NOT THE SAME PARTICIPATING EMPLOYER  
10 OR PRINCIPAL UNIT OF STATE GOVERNMENT THAT EMPLOYED AN INDIVIDUAL AT  
11 THE TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT BEFORE  
12 THE INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR  
13 VESTED ALLOWANCE.~~

14 (1) A PARTICIPATING EMPLOYER SHALL CERTIFY TO THE STATE  
15 RETIREMENT AGENCY THAT IT IS NOT THE SAME PARTICIPATING EMPLOYER THAT  
16 EMPLOYED AN INDIVIDUAL AT THE TIME OF THE INDIVIDUAL'S LAST SEPARATION  
17 FROM EMPLOYMENT BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE  
18 RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE; OR

19 (2) A UNIT OF STATE GOVERNMENT SHALL CERTIFY TO THE STATE  
20 RETIREMENT AGENCY THAT THE INDIVIDUAL WAS NOT EMPLOYED BY ANY UNIT OF  
21 STATE GOVERNMENT AT THE TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM  
22 EMPLOYMENT BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE  
23 RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE.

24 25-403.

25 (a) ~~Subject to subsection (b) of this section, an AN individual who is receiving  
26 a service retirement allowance or vested allowance may accept employment with a  
27 participating employer on a permanent, temporary, or contractual basis, without any  
28 reduction in the allowance, if the individual immediately notifies the Board of  
29 Trustees:~~

30 (1) of the individual's intention to accept the employment; and

31 (2) of the compensation that the individual will receive.

32 (b) (1) ~~EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THIS  
33 SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHOSE THE BOARD OF TRUSTEES  
34 SHALL REDUCE THE ALLOWANCE OF AN INDIVIDUAL WHO ACCEPTS EMPLOYMENT  
35 AS PROVIDED UNDER SUBSECTION (A) OF THIS SECTION IF THE INDIVIDUAL'S  
36 CURRENT EMPLOYER IS ANY UNIT OF STATE GOVERNMENT AND WHOSE THE  
37 INDIVIDUAL'S EMPLOYER AT THE TIME OF THE INDIVIDUAL'S LAST SEPARATION  
38 FROM EMPLOYMENT WITH THE STATE BEFORE THE INDIVIDUAL COMMENCED  
39 RECEIVING A SERVICE RETIREMENT ALLOWANCE OR VESTED ALLOWANCE WAS  
40 ALSO A UNIT OF STATE GOVERNMENT.~~

1           (2)     THE REDUCTION UNDER PARAGRAPH (1) OF THIS SUBSECTION  
 2 SHALL EQUAL THE AMOUNT BY WHICH THE SUM OF THE INDIVIDUAL'S INITIAL  
 3 ANNUAL BASIC ALLOWANCE AND THE INDIVIDUAL'S ANNUAL COMPENSATION  
 4 EXCEEDS THE AVERAGE FINAL COMPENSATION USED TO COMPUTE THE BASIC  
 5 ALLOWANCE.

6           ~~(2)~~   (3)     ~~This subsection~~ THE REDUCTION UNDER THIS SUBSECTION  
 7 does not apply to:

8                   (i)     an individual who has been retired for more than 10 years;

9                   (ii)    an individual whose average final compensation was less than  
 10 \$10,000 and who is reemployed on a temporary or contractual basis; or

11                   (iii)   an individual who is serving in an elected position as an official  
 12 of a participating governmental unit or as a constitutional officer for a county that is  
 13 a participating governmental unit.

14           ~~[(2)]~~   (3)     ~~The Board of Trustees shall reduce an individual's allowance by~~  
 15 ~~the amount that the sum of the individual's initial annual basic allowance and the~~  
 16 ~~individual's annual compensation exceeds the average final compensation used to~~  
 17 ~~compute the basic allowance.~~

18           (c)     An individual who is receiving a service retirement allowance or a vested  
 19 allowance and who is reemployed by a participating employer may not receive  
 20 creditable service or eligibility service during the period of reemployment.

21           (d)     The individual's compensation during the period of reemployment may not  
 22 be subject to the employer pickup provisions of § 21-303 of this article or any  
 23 reduction or deduction as a member contribution for pension or retirement purposes.

24           (e)     The State Retirement Agency shall institute appropriate reporting  
 25 procedures with the affected payroll systems to ensure compliance with this section.

26           (f)     (1)     Immediately on the employment of any individual receiving a service  
 27 retirement allowance or a vested allowance, a participating employer shall notify the  
 28 State Retirement Agency of the type of employment and the anticipated earnings of  
 29 the individual.

30           (2)     At least once each year, in a format specified by the State Retirement  
 31 Agency, each participating employer shall provide the State Retirement Agency with  
 32 a list of all employees included on any payroll of the employer, the Social Security  
 33 numbers of the employees, and their earnings for that year.

34           (G)     AT THE REQUEST OF THE STATE RETIREMENT AGENCY, A UNIT OF STATE  
 35 GOVERNMENT SHALL CERTIFY TO THE STATE RETIREMENT AGENCY THAT THE  
 36 INDIVIDUAL WAS NOT EMPLOYED BY ANY UNIT OF STATE GOVERNMENT AT THE  
 37 TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT BEFORE THE  
 38 INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A  
 39 VESTED ALLOWANCE.

1 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
 2 read as follows:

3 Article - State Personnel and Pensions

4 22-406.

5 (b) ~~(2)~~ (4) ~~This~~ Except for an individual whose allowance is subject to a  
 6 reduction as provided under paragraphs (1)(i) and (3) of this subsection, the reduction  
 7 of an allowance under this subsection does not apply to:

8 (vi) a retiree of the Teachers' Retirement System who:

9 5. is not employed as a principal under item 3 of this item for  
 10 more than 4 years;[or]

11 (vii) a retiree of the Teachers' Retirement System:

12 2. who is reemployed in a part-time position with the  
 13 University System of Maryland; OR

14 (VIII) A RETIREE OF THE EMPLOYEES' RETIREMENT SYSTEM WHO IS  
 15 REEMPLOYED ON A CONTRACTUAL BASIS BY THE DEPARTMENT OF HEALTH AND  
 16 MENTAL HYGIENE AS A HEALTH CARE PRACTITIONER, AS DEFINED IN § 1-301 OF THE  
 17 HEALTH OCCUPATIONS ARTICLE, IN:

18 1. A STATE RESIDENTIAL CENTER AS DEFINED IN § 7-101 OF  
 19 THE HEALTH - GENERAL ARTICLE;

20 2. A CHRONIC DISEASE CENTER SUBJECT TO TITLE 19,  
 21 SUBTITLE 5 OF THE HEALTH - GENERAL ARTICLE;

22 3. A STATE FACILITY AS DEFINED IN § 10-101 OF THE  
 23 HEALTH - GENERAL ARTICLE; OR

24 4. A COUNTY BOARD OF HEALTH SUBJECT TO TITLE 3,  
 25 SUBTITLE 2 OF THE HEALTH - GENERAL ARTICLE.

26 (K) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE SHALL NOTIFY THE  
 27 STATE RETIREMENT AGENCY OF ANY RETIREES WHO QUALIFY UNDER SUBSECTION  
 28 ~~(B)(2)(VIII)~~ (B)(4)(VIII) OF THIS SECTION.

29 23-407.

30 (b) ~~(2)~~ (4) ~~This~~ Except for an individual whose allowance is subject to a  
 31 reduction as provided under paragraphs (1)(i) and (3) of this subsection, the reduction  
 32 of an allowance under this subsection does not apply to:

33 (iv) a retiree of the Teachers' Pension System who:

1 5. is not employed as a principal under item 3 of this item for  
2 more than 4 years; [or]

3 (v) an individual who has been retired for more than 10 years; OR

4 (VI) A RETIREE OF THE EMPLOYEES' PENSION SYSTEM WHO IS  
5 REEMPLOYED ON A CONTRACTUAL BASIS BY THE DEPARTMENT OF HEALTH AND  
6 MENTAL HYGIENE AS A HEALTH CARE PRACTITIONER, AS DEFINED IN § 1-301 OF THE  
7 HEALTH OCCUPATIONS ARTICLE IN:

8 1. A STATE RESIDENTIAL CENTER AS DEFINED IN § 7-101 OF  
9 THE HEALTH - GENERAL ARTICLE;

10 2. A CHRONIC DISEASE CENTER SUBJECT TO TITLE 19,  
11 SUBTITLE 5 OF THE HEALTH - GENERAL ARTICLE;

12 3. A STATE FACILITY AS DEFINED IN § 10-101 OF THE  
13 HEALTH - GENERAL ARTICLE; OR

14 4. A COUNTY BOARD OF HEALTH SUBJECT TO TITLE 3,  
15 SUBTITLE 2 OF THE HEALTH - GENERAL ARTICLE.

16 (K) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE SHALL NOTIFY THE  
17 STATE RETIREMENT AGENCY OF ANY RETIREES WHO QUALIFY UNDER SUBSECTION  
18 (B)(2)(V) (B)(4)(VI) OF THIS SECTION.

19 **Chapter 353 of the Acts of 1996**

20 SECTION 3. AND BE IT FURTHER ENACTED, That:

21 (1) THIS SECTION OF THIS ACT DOES NOT APPLY TO A RETIREE OF THE  
22 EMPLOYEES' RETIREMENT SYSTEM OR THE EMPLOYEES' PENSION SYSTEM WHO IS  
23 REEMPLOYED ON A CONTRACTUAL BASIS BY THE DEPARTMENT OF HEALTH AND  
24 MENTAL HYGIENE AS A HEALTH CARE PRACTITIONER, AS DEFINED IN § 1-301 OF THE  
25 HEALTH OCCUPATIONS ARTICLE IN:

26 (I) A STATE RESIDENTIAL CENTER AS DEFINED IN § 7-101 OF THE  
27 HEALTH - GENERAL ARTICLE;

28 (II) A CHRONIC DISEASE CENTER SUBJECT TO TITLE 19, SUBTITLE 5  
29 OF THE HEALTH - GENERAL ARTICLE;

30 (III) A STATE FACILITY AS DEFINED IN § 10-101 OF THE HEALTH -  
31 GENERAL ARTICLE; OR

32 (IV) A COUNTY BOARD OF HEALTH SUBJECT TO TITLE 3, SUBTITLE 2  
33 OF THE HEALTH - GENERAL ARTICLE.

1            ~~[(1)]~~    (2)    A retiree who retires under this Act may not become reemployed  
2 in a temporary or contractual position with the State, unless the reemployment is  
3 approved by:

4            (i)        The Board of Public Works, for a position not in the Legislative  
5 Branch of State government; or

6            (ii)        The President of the Senate and Speaker of the House of  
7 Delegates, for a position in the Legislative Branch of State government;

8            ~~[(2)]~~    (3)    If a retiree who retires under this Act is reemployed in a  
9 permanent, temporary, or contractual position with a participating employer, in  
10 addition to any other reduction in the retiree's retirement allowance required under  
11 State law, the retiree's retirement allowance shall be reduced by the amount it  
12 exceeds the retirement allowance the retiree would otherwise have received;

13           ~~[(3)]~~    (4)    No more than 2% of the total number of employees retiring  
14 under this Act may be reemployed in a contractual or temporary position in any  
15 branch of State government;

16           ~~[(4)]~~    (5)    The Board of Public Works may not approve the reemployment  
17 in a temporary or contractual position in the Executive Branch of State government of  
18 an employee who retires under this Act, if that reemployment would result in more  
19 than 2% of the retirees who retired under this Act being reemployed in a temporary or  
20 contractual position with the State;

21           ~~[(5)]~~    (6)    The President of the Senate and the Speaker of the House of  
22 Delegates may not approve the reemployment in a temporary or contractual position  
23 in the Legislative Branch of State government of an employee who retires under this  
24 Act, if that reemployment would result in more than 2% of the retirees who retired  
25 under this Act being reemployed in a temporary or contractual position with the  
26 State;

27           ~~[(6)]~~    (7)    The Department of Budget and Fiscal Planning shall review the  
28 applications for reemployment as contractual or temporary employees under this Act  
29 and shall advise the Board of Public Works if the reemployment of an individual will  
30 cause the 2% limit under paragraph ~~[(3)]~~ (4) of this section of this Act to be exceeded;  
31 and

32           ~~[(7)]~~    (8)    The Department of Fiscal Services shall review the applications  
33 for reemployment as contractual or temporary employees under this Act and shall  
34 advise the President of the Senate and the Speaker of the House of Delegates if the  
35 reemployment of an individual will cause the 2% limit under paragraph ~~[(3)]~~ (4) of  
36 this section of this Act to be exceeded.

Chapter 736 of the Acts of 1997

SECTION 3. AND BE IT FURTHER ENACTED, That:

(1) THIS SECTION OF THIS ACT DOES NOT APPLY TO A RETIREE OF THE EMPLOYEES' RETIREMENT SYSTEM OR THE EMPLOYEES' PENSION SYSTEM WHO IS REEMPLOYED ON A CONTRACTUAL BASIS BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE AS A HEALTH CARE PRACTITIONER, AS DEFINED IN § 1-301 OF THE HEALTH OCCUPATIONS ARTICLE IN:

(I) A STATE RESIDENTIAL CENTER AS DEFINED IN § 7-101 OF THE HEALTH - GENERAL ARTICLE;

(II) A CHRONIC DISEASE CENTER SUBJECT TO TITLE 19, SUBTITLE 5 OF THE HEALTH - GENERAL ARTICLE;

(III) A STATE FACILITY AS DEFINED IN § 10-101 OF THE HEALTH - GENERAL ARTICLE; OR

(IV) A COUNTY BOARD OF HEALTH SUBJECT TO TITLE 3, SUBTITLE 2 OF THE HEALTH - GENERAL ARTICLE.

[(1)] (2) A retiree who retires under this Act may not become reemployed in a temporary or contractual position with the State, unless the reemployment is approved by the Board of Public Works;

[(2)] (3) If a retiree who retires under this Act is reemployed in a permanent, temporary, or contractual position with a participating employer, the retiree's retirement allowance shall be reduced by the amount that the sum of the retiree's annual compensation and the retiree's annual basic allowance at the time of retirement, including the incentive provided by this Act, exceeds the average final compensation used to compute the basic allowance;

[(3)] (4) No more than 2% of the total number of employees retiring under this Act may be reemployed in a contractual or temporary position in any branch of State government;

[(4)] (5) The Board of Public Works may not approve the reemployment in a temporary or contractual position of an employee who retires under this Act, if that reemployment would result in more than 2% of the retirees who retired under this Act being reemployed in a temporary or contractual position with the State; and

[(5)] (6) The Department of Budget and Management shall review the applications for reemployment as contractual or temporary employees under this Act and shall advise the Board of Public Works if the reemployment of an individual will cause the 2% limit under paragraph [(3)](4) of this section of this Act to be exceeded.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2001. Section 2 of this Act shall remain effective for a period of ~~5~~ 3 years

- 1 and, at the end of June 30, ~~2006~~ 2004, with no further action required by the General
- 2 Assembly, Section 2 of this Act shall be abrogated and of no further force and effect.