
By: Delegate Cadden

Introduced and read first time: January 29, 1996

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Retirement and Pensions - Retirement Allowances**

3 FOR the purpose of allowing certain State employee members of the Employees'
4 Retirement System or the Employees' Pension System to retire early during a
5 certain period under certain circumstances; prohibiting a member of one of the
6 State retirement or pension systems from receiving an allowance that exceeds a
7 certain amount; authorizing the Board of Trustees for the State Retirement and
8 Pension System to adopt certain regulations; providing for the benefits on early
9 retirement under this Act; altering the conditions under which a member who
10 retires under this Act may become reemployed by certain employers; providing for
11 the funding of certain retirement and pension costs under this Act; requiring the
12 Department of Budget and Fiscal Planning to make a certain determination
13 regarding the percentage of employees in departments or units in State government
14 qualifying for the incentive provided in this Act; allowing certain departments and
15 units of State government to delay the effective date of certain employees electing
16 to retire under this Act until a certain date; requiring the appointing authorities to
17 notify the Board of Trustees of certain information by a certain date; making the
18 election to retire under this Act irrevocable except under certain circumstances;
19 providing that unused sick leave may not be used to determine eligibility for the
20 incentive provided for in this Act or to determine the amount of the incentive
21 provided for under this Act; providing that the application shall be void if a member
22 dies prior to the effective date of retirement; authorizing on or before a certain date
23 certain State officials, in consultation with certain appointing authorities, to
24 eliminate a certain percentage of certain positions in the State budget; prohibiting
25 an appointing authority from filling certain positions until certain dates; requiring
26 that certain appropriations be reduced by certain amounts; requiring that certain
27 salary savings that result from this Act be transferred to certain funds; allowing the
28 State Retirement Agency to take a certain number of additional days to process
29 certain retirement applications without affecting an applicant's right to a benefit;
30 requiring the Department of Budget and Fiscal Planning and the State Retirement
31 Agency to submit before a certain date a certain report to the General Assembly;
32 and generally relating to the retirement of members of the State retirement and
33 pension systems.

34 BY adding to

35 Article - State Personnel and Pensions

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1 Section 20-207 and 21-304(d)(4)
2 Annotated Code of Maryland
3 (1994 Volume and 1995 Supplement)

4 BY repealing and reenacting, with amendments,
5 Article - State Personnel and Pensions
6 Section 21-304(d)(3)
7 Annotated Code of Maryland
8 (1994 Volume and 1995 Supplement)

9 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
10 MARYLAND, That the Laws of Maryland read as follows:

11 **Article - State Personnel and Pensions**

12 20-207.

13 A MEMBER OF A STATE SYSTEM MAY NOT RECEIVE A BASIC ALLOWANCE THAT
14 EXCEEDS THE MEMBER'S AVERAGE FINAL COMPENSATION.

15 21-304.

16 (d) (3) [If] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION,
17 IF the accrued liability is increased by legislation enacted after July 1, 1980, the additional
18 liability shall be funded over 30 years beginning on July 1 coincident with or next
19 following the effective date of the increase.

20 (4) IF THE ACCRUED LIABILITY IS INCREASED BY LEGISLATION THAT
21 PROVIDES FOR EARLY RETIREMENT OF STATE EMPLOYEES, THE ADDITIONAL
22 LIABILITY SHALL BE FUNDED OVER A PERIOD OF 5 YEARS BEGINNING ON JULY 1,
23 1997.

24 SECTION 2. AND BE IT FURTHER ENACTED, That:

25 (1) A member of the Employees' Retirement System or the Employees'
26 Pension System may retire if the member:

27 (i) Submits a written application to the Board of Trustees from July 2,
28 1996 through August 31, 1996, both inclusive;

29 (ii) Is an employee of the State on June 1, 1996;

30 (iii) Is a member of the respective system on April 1, 1996; and

31 (iv) On or before August 31, 1996:

32 1. Has at least 25 years of creditable service; and

33 2. Is at least 50 years old;

34 (2) Except as provided in Section 8 of this Act, an employee who elects the
35 early retirement incentive under this section of this Act shall retire on October 1, 1996;

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1 (3) (i) Except as provided in subparagraph (ii) of this paragraph, an
2 application to retire under this section of this Act is irrevocable; and

3 (ii) The Secretary of Budget and Fiscal Planning may allow a member
4 to revoke an application if that member has experienced extenuating circumstances since
5 submitting the application, and the member submits a written request to the Secretary for
6 a revocation of the member's application;

7 (4) (i) Except as provided in subparagraph (ii) of this paragraph, a
8 member who retires under this section of this Act shall receive an additional 2 months of
9 credit for each full year of the member's creditable service;

10 (ii) For any part of a year of creditable service that is at least 6 months,
11 the member shall receive an additional 2 months of credit; and

12 (iii) A member's credit for unused sick leave may not be used to
13 determine the member's creditable service that is used to compute the additional service
14 credit under this paragraph;

15 (5) (i) Except as provided in subparagraphs (ii) and (iii) of this
16 paragraph, a member of the Employees' Retirement System who retires under this
17 section of this Act shall receive a service retirement allowance equal to one fifty-fifth of
18 the member's average final compensation multiplied by the sum of:

- 19 1. The member's creditable service; and
20 2. The additional credit described in paragraph (4) of this
21 section of this Act;

22 (ii) If a member has less than 30 years of creditable service and is less
23 than 60 years old, the member's retirement allowance computed under subparagraph (i)
24 of this paragraph shall be reduced by 0.5 percent for each month by which the member's
25 day of retirement precedes the earlier of:

- 26 1. The day the member would have been 60 years old; or
27 2. The day the member would have completed 30 years of
28 creditable service, including the credit described in paragraph (4) of this section of this
29 Act; and

30 (iii) A member of the Employees' Retirement System who is subject to
31 Selection C (Combination formula) shall receive a service retirement allowance:

- 32 1. For creditable service before July 1, 1984, as provided in
33 subparagraph (i) of this paragraph; and
34 2. For creditable service from July 1, 1984, as provided in
35 paragraph (6) of this section of this Act;

36 (6) (i) Except as provided in subparagraph (ii) of this paragraph, a
37 member of the Employees' Pension System who retires under this section of this Act shall
38 receive a service retirement allowance equal to the sum of the member's creditable

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1 service and the additional credit described in paragraph (4) of this section of this Act,
2 multiplied by:

3 1. 0.8 percent of the member's average final compensation that
4 is not in excess of the social security integration level; and

5 2. 1.5 percent of the member's average final compensation that
6 exceeds the social security integration level; and

7 (ii) If a member has less than 30 years of creditable service and is less
8 than 62 years old, the member's retirement allowance computed under subparagraph (i)
9 of this paragraph shall be reduced by 0.5 percent for each month by which the member's
10 day of retirement precedes the earlier of:

11 1. The day the member would have been 62 years old; or

12 2. The day the member would have completed 30 years of
13 creditable service, including the credit described in paragraph (4) of this section of this
14 Act;

15 (7) The Board of Trustees may adopt regulations to carry out this section of
16 this Act; and

17 (8) If the member dies prior to the effective date of retirement, an
18 application to retire in accordance with the provisions of this section of this Act shall be
19 void and of no effect, and the benefits payable on the member's account shall be
20 computed as if the application had not been filed.

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

22 (1) A retiree who retires under this Act may not become reemployed in a
23 permanent, temporary, or contractual position with the State, unless the reemployment is
24 approved by:

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

27 (ii) The Chief Judge of the Court of Appeals for a position in the
28 Judicial Branch of State government; or

29 (iii) The President of the Senate and Speaker of the House of
30 Delegates, for a position in the Legislative Branch of State government;

31 (2) If a retiree who retires under this Act is reemployed with a participating
32 employer, in addition to any other reduction in the retiree's retirement allowance
33 required under State law, the retiree's retirement allowance shall be reduced by the
34 amount it exceeds the retirement allowance the retiree would otherwise have received.

35 SECTION 4. AND BE IT FURTHER ENACTED, That:

36 (1) On or before November 1, 1996, the officials of the State specified in
37 paragraph (5) of this section of this Act, in consultation with the appropriate appointing
38 authorities, may eliminate from the State budget at least 60% of the position
39 identification numbers of the positions that are vacated by individuals who retire on

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1 October 1, 1996 under this Act and may identify at least 60% of the position identification
2 numbers of the positions to be vacated by individuals who retire by June 30, 1997 in
3 accordance with the provisions of Section 8 of this Act and eliminate those position
4 identification numbers in the proposed budget for Fiscal Year 1998;

5 (2) An appointing authority may not fill a position that is vacated by an
6 individual who retires on October 1, 1996 under this Act until the earlier of:

7 (i) November 1, 1996; or

8 (ii) The date on which the appropriate official of the State, as
9 specified in paragraph (5) of this section of this Act, certifies to the appointing authority
10 the position identification numbers that have been eliminated from the appointing
11 authority's budget as required under this Act;

12 (3) On or before July 1, 1997, the officials of the State specified in
13 paragraph (5) of this section of this Act, in consultation with the appropriate appointing
14 authorities, may eliminate from the State budget at least 60% of the position
15 identification numbers of the positions that are vacated by individuals whose retirement
16 date was determined in accordance with Section 8 of this Act;

17 (4) An appointing authority may not fill a position that is vacated by an
18 individual who retires in accordance with the provisions of Section 8 of this Act until the
19 earlier of:

20 (i) July 1, 1997; or

21 (ii) The date on which the appropriate official of the State, as
22 specified in paragraph (5) of this section of this Act, certifies to the appointing authority
23 the position identification numbers that have been eliminated from the appointing
24 authority's budget as required under this Act; and

25 (5) (i) Except as provided in subparagraph (ii) of this paragraph, the
26 Secretary of Budget and Fiscal Planning shall determine and certify to the appropriate
27 appointing authority which position identification numbers are to be eliminated for
28 positions in the Executive Branch of State government other than those specified in
29 subparagraph (ii) of this paragraph;

30 (ii) The president of each public senior higher education institution as
31 defined in § 10-101 of the Education Article, shall determine and certify to the
32 appropriate appointing authority which position identification numbers are to be
33 eliminated for positions in that public senior higher education institution;

34 (iii) The President of the Senate and the Speaker of the House of
35 Delegates jointly shall determine and certify to the appropriate appointing authority
36 which position identification numbers are to be eliminated for positions in the Legislative
37 Branch of State government; and

38 (iv) The Chief Judge of the Court of Appeals shall determine and
39 certify to the appropriate appointing authority which position identification numbers are
40 to be eliminated for positions in the Judicial Branch of State government.

41 SECTION 5. AND BE IT FURTHER ENACTED, That:

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1 (1) In this section of this Act, "net salary savings" means the amount of an
2 appropriation of State funds, whether special or general funds, for a unit of State
3 government that is saved as a result of the elimination of positions under this Act, less the
4 amounts paid by the State for unused annual leave for individuals who retire under this
5 Act;

6 (2) On or before January 1, 1997, and for Fiscal Year 1997:

7 (i) The Secretary of Budget and Fiscal Planning shall determine the
8 net salary savings under this Act for each unit of the Executive Branch of State
9 government, including each public senior higher education institution, and the Governor
10 shall reduce the State appropriation for each unit of the Executive Branch, including each
11 public senior higher education institution, by the amount of the net salary savings for that
12 unit;

13 (ii) The President of the Senate and the Speaker of the House of
14 Delegates jointly shall determine the net salary savings under this Act for each unit of the
15 Legislative Branch of State government and shall reduce the State appropriation for each
16 unit of the Legislative Branch by the amount of the net salary savings for that unit; and

17 (iii) The Chief Judge of the Court of Appeals shall determine the net
18 salary savings under this Act for each unit of the Judicial Branch of State government and
19 shall reduce the State appropriation for each unit of the Judicial Branch by the amount of
20 the net salary savings for that unit;

21 (3) A copy of each amended appropriation shall be sent to the Governor,
22 the Comptroller, the Secretary of Budget and Fiscal Planning, and the Department of
23 Fiscal Services; and

24 (4) After receipt of a copy of the amended appropriation for each unit of
25 State government, the Governor shall transfer by budget amendment:

26 (i) An amount not exceeding \$10,000,000 to the General Fund of the
27 State;

28 (ii) After the transfer under subparagraph (i) of this paragraph, an
29 amount not exceeding \$2,000,000 to the Economic Development Opportunities Program
30 Fund under § 7-314 of the State Finance and Procurement Article;

31 (iii) After the transfer under subparagraphs (i) and (ii) of this
32 paragraph, an amount not exceeding \$3,000,000 to the General Fund of the State; and

33 (iv) Any remaining amounts by which appropriations are reduced
34 under this section of this Act to the Revenue Stabilization Account under § 7-311 of the
35 State Finance and Procurement Article, notwithstanding any other provision of law.

36 SECTION 6. AND BE IT FURTHER ENACTED, That on or before January 1,
37 1997, in accordance with § 2-1312 of the State Government Article:

38 (1) The State Retirement Agency shall report to the General Assembly on
39 the total number of State employees who retire under this Act; and

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1 (2) The Department of Budget and Fiscal Planning shall report to the
2 General Assembly as to each unit of State government:

3 (i) The number of employees and the salaries of the employees of the
4 unit who retire under this Act;

5 (ii) A list of the positions and the salary for the positions in the unit
6 that are eliminated under this Act;

7 (iii) A schedule that lists the total number of positions for the unit as of
8 June 30, 1996, the total number of positions for the unit after the positions for that unit
9 are eliminated under this Act, and the number of positions eliminated under this Act; and

10 (iv) A list of the reductions in appropriations under this Act.

11 SECTION 7. AND BE IT FURTHER ENACTED, That, in recognition of the
12 additional administrative burden that may result from the number of State employees
13 who may retire under this Act, the State Retirement Agency may take an additional 60
14 days to process applications for retirement that are filed for retirement under this Act.
15 Except to the extent of a delay in the receipt of a benefit, a delay in processing an
16 application may not affect an applicant's right to a benefit.

17 SECTION 8. AND BE IT FURTHER ENACTED, That prior to July 1, 1996, the
18 Department of Budget and Fiscal Planning shall determine the departments and units of
19 State government that have more than 5% of their employees who are eligible for the
20 retirement incentive provided by this Act. For those departments or units of State
21 government identified by the Department of Budget and Fiscal Planning as having more
22 than 5% of their employees eligible for the retirement incentive provided by this Act, the
23 appointing authority of that department or unit of State government may require up to
24 50% of the employees electing to retire under this Act to delay the effective date of their
25 retirement until no later than June 30, 1997. The appointing authority of a department or
26 unit of State government affected by this section shall notify the Board of Trustees by
27 September 15, 1996 of the employees whose retirement date will be delayed under this
28 section of this Act, and shall provide the retirement date for those employees. The
29 retirement date of any employee whose date is delayed under this section of this Act shall
30 be on the first day of a month.

31 SECTION 9. AND BE IT FURTHER ENACTED, That Section 1 of this Act
32 shall take effect October 1, 1996.

33 SECTION 10. AND BE IT FURTHER ENACTED, That Sections 2 through 8 of
34 this Act shall take effect June 1, 1996.