

BY: Appropriations Committee

AMENDMENTS TO HOUSE BILL NO. 1064

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 9, after “regulations;” insert “prohibiting the Board of Trustees from accepting an application after a certain date and time or that is other than a certain application;”; in line 12, after “employers;” insert “requiring the elimination of a certain number of positions in the State budget that are vacated by members of the Employees’ Retirement System or the Employees’ Pension System; requiring that the elimination of positions results in a total reduction in general funds of a certain amount; requiring a certain reduction in the appropriation for the University of Maryland System;”; in line 26, after the first “Assembly;” insert “requiring payment for certain purchases of service credit before the effective date of retirement; providing for the allocation of certain administrative costs under this Act;”; in line 32, strike “and 21-308(b)(1)”; and after line 34, insert:

“BY adding to

Article - State Personnel and Pensions
Section 21-304(d)(5) and 21-307(i) and (j)
Annotated Code of Maryland
(1994 Volume and 1996 Supplement)”.

AMENDMENT NO. 2

On page 2, strike beginning with the first “THE” in line 16 down through “LEGISLATION” in line 18 and substitute “JULY 1, 1997 FOR INDIVIDUALS WHO RETIRED UNDER CHAPTER 353 OF THE ACTS OF THE GENERAL ASSEMBLY OF 1996.”

(5) IF THE ACCRUED LIABILITY IS INCREASED BY LEGISLATION EFFECTIVE JUNE 1, 1997, THAT PROVIDES FOR THE EARLY RETIREMENT OF EMPLOYEES OF THE UNIVERSITY OF MARYLAND SYSTEM WHO ARE MEMBERS OF THE EMPLOYEES’ PENSION SYSTEM, EMPLOYEES’ RETIREMENT SYSTEM, THE

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TEACHERS' PENSION SYSTEM, OR THE TEACHERS' RETIREMENT SYSTEM, THE ADDITIONAL LIABILITY SHALL BE DETERMINED BY THE ACTUARY AND FUNDED OVER A PERIOD OF 5 YEARS BEGINNING ON JULY 1, 1998 BY PAYMENT OF AN ANNUAL ACCRUED LIABILITY CONTRIBUTION BY THE UNIVERSITY OF MARYLAND SYSTEM AND THE MEDICAL SYSTEM AS PROVIDED IN § 21-307(I) AND (J) OF THIS ARTICLE";

and strike in their entirety lines 19 through 39, inclusive, and substitute:

"21-307.

(I) (1) EXCEPT AS PROVIDED IN SUBSECTION (J) OF THIS SECTION, THE UNIVERSITY OF MARYLAND SYSTEM SHALL PAY AN ANNUAL ACCRUED LIABILITY CONTRIBUTION EQUAL TO AN AMOUNT THAT IS SUFFICIENT TO LIQUIDATE, OVER NOT MORE THAN 5 YEARS, THE INCREASE IN THE ACCRUED LIABILITY DETERMINED UNDER § 21-304(D)(5) OF THIS SUBTITLE BY MEANS OF ANNUAL PAYMENTS THAT INCREASE EACH YEAR BASED ON ACTUARIAL ASSUMPTIONS ADOPTED BY THE BOARD OF TRUSTEES ON THE RECOMMENDATION OF THE ACTUARY.

(2) THE UNIVERSITY OF MARYLAND SYSTEM:

(I) SHALL PAY TO THE BOARD OF TRUSTEES THE AMOUNT REQUIRED UNDER THIS SUBSECTION ON JULY 1 OF EACH YEAR UNTIL THE INCREASE IN THE ACCRUED LIABILITY IS PAID IN FULL; AND

(II) MAY PREPAY ALL OR A PORTION OF THE INCREASE IN THE ACCRUED LIABILITY IN ACCORDANCE WITH A CALCULATION APPROVED BY THE BOARD OF TRUSTEES.

(J)(1) THE MEDICAL SYSTEM, AS DEFINED IN § 13-301(K) OF THE EDUCATION ARTICLE, SHALL PAY AN ANNUAL ACCRUED LIABILITY CONTRIBUTION EQUAL TO AN AMOUNT THAT IS SUFFICIENT TO LIQUIDATE, OVER NOT MORE THAN 5 YEARS, THE INCREASE IN THE ACCRUED LIABILITY DETERMINED UNDER § 21-304(D)(5) OF

THIS SUBTITLE THAT IS ATTRIBUTABLE TO THE RETIREMENT OF MEDICAL SYSTEM UNIVERSITY PERSONNEL, AS DEFINED IN § 13-301(Q) OF THE EDUCATION ARTICLE, BY MEANS OF ANNUAL PAYMENTS THAT INCREASE EACH YEAR BASED ON ACTUARIAL ASSUMPTIONS ADOPTED BY THE BOARD OF TRUSTEES ON THE RECOMMENDATION OF THE ACTUARY.

(2) THE MEDICAL SYSTEM:

(I) SHALL PAY TO THE BOARD OF TRUSTEES THE AMOUNT REQUIRED UNDER THIS SUBSECTION ON JULY 1 OF EACH YEAR UNTIL THE INCREASE IN THE ACCRUED LIABILITY IS PAID IN FULL; AND

(II) MAY PREPAY ALL OR A PORTION OF THE INCREASE IN THE ACCRUED LIABILITY IN ACCORDANCE WITH A CALCULATION APPROVED BY THE BOARD OF TRUSTEES.”.

AMENDMENT NO. 3

On page 3, in lines 8 and 22, in each instance, after “1997” insert “, as reflected in the records of the State Retirement Agency”; in lines 3 and 17, in each instance, strike “July” and substitute “August”; and in line 4, strike “August 29” and substitute “September 30”.

AMENDMENT NO. 4

On page 3, in line 28, after “in” insert “paragraph (ii) of this subsection and”; strike beginning with the second “of” in line 28 down through the second “System” in line 29; in line 30, strike “October” and substitute “November”; and strike beginning with “Except” in line 31 down through “1998” in line 33 and substitute “An employee who has timely filed an application in accordance with subsection (1) or (2) of this section and who does not satisfy the eligibility requirements on or before November 1, 1997, shall retire on the first day of the month following the month in which the employee becomes eligible to retire under this Act”.

AMENDMENT NO. 5

On page 5, in line 1, strike “paragraph (ii)” and substitute “paragraphs (ii) and (iii)”; and after line 17, insert:

“(iii) If a member's retirement is delayed under Section 7 of this Act, the member shall receive the greater of a service retirement allowance computed under paragraphs (i) and (ii) of this subsection as of the retirement date or a service retirement allowance that is equal to the sum of the member's creditable service as of November 1, 1997 and the additional credit described in subsection (5) of this section as of November 1, 1997:

1. Multiplied by 0.8% of the member's average final compensation that is not in excess of the social security integration level that is in effect on November 1, 1997;

2. Multiplied by 1.5% of the member's average final compensation that exceeds the social security integration level that is in effect on November 1, 1997; and

3. If, as of November 1, 1997, the member has less than 30 years of creditable service and is less than 62 years old, the member's retirement allowance computed under items 1 and 2 of this paragraph shall be:

A. Reduced by the lesser of 0.5% for each month by which November 1, 1997 precedes the date the member would be 62 years old or 42%; and

B. Increased by the lesser of 18% or the amount of the reduction under item A of this item.”.

AMENDMENT NO. 6

On page 5, in line 10, after “service” insert “, not including the credit described in subsection (5) of this section,”; and strike beginning with “1.” in line 20 down through “1997” in line 27 and substitute “May not accept an application for retirement under this section of this Act that:

1. Is filed with the State Retirement Agency after 5:00 p.m. on September 30, 1997; or

2. Is other than the SRA130-97, entitled Application to Retire with Incentive".

AMENDMENT NO. 7

On page 6, after line 2, insert:

"(12) Notwithstanding any other provision of law, if an employee whose retirement date is delayed under Section 7 of this Act becomes disabled before the effective date of retirement, then the employee shall have the option of revoking the employee's application to retire under this Act."

AMENDMENT NO. 8

On page 6, after line 17, insert:

"SECTION 4. AND BE IT FURTHER ENACTED, That no more than 50% of the total number of members of the Teachers' Retirement System or the Teachers' Pension System who elect to retire under this Act may be reemployed in a contractual or temporary position by the University of Maryland System. This limitation does not apply to faculty whose salaries are paid in whole from external sources."

AMENDMENT NO. 9

On page 6, in line 19, strike "November" and substitute "December"; in the same line, strike "officials of the State" and substitute "Board of Public Works"; in lines 21 and 25, in each instance, after "positions" insert "in the State budget of the University of Maryland System"; in line 22, strike "October" and substitute "November"; in line 28, strike "November" and substitute "December"; and strike beginning with "are" in line 26 down through "Act" in line 27 and substitute "retire under this Act after November 1, 1997".

AMENDMENT NO. 10

On page 6, in line 33, after "positions" insert "in the State budget of the University of Maryland System"; strike beginning with "salaries" in line 34 down through the second "System" in

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line 37 and substitute “general funds that is equal to at least 60% of the total salaries and fringe benefits of the positions eliminated under this Act”; and in line 42, after “Act” insert “multiplied by the percent of general funds reduced in accordance with Section 4(3) of this Act, which percent shall be at least 60%”.

AMENDMENT NO. 11

On page 7, in line 33, strike “prior” and substitute “:

(1) Prior to October 15, 1997, the president of each constituent institution of the University of Maryland System shall review the positions of those members of the Employees’ Retirement System or the Employees’ Pension System who have elected early retirement under this Act, and shall determine whether the institution’s needs and mission require the delay of retirement for some of those members. In the event that the president determines that such delay is required, the retirement for members identified by the president shall be delayed until no later than June 30, 1998. In no event shall the number of persons whose retirement is delayed exceed 50% of each institution’s employees who are members of the Employees’ Retirement System or the Employees’ Pension System who have elected to retire under this Act. The president shall notify the Board of Trustees by October 15, 1997 of those employees whose retirement date will be delayed under this section, and shall provide the retirement date for those employees. The retirement date of any employee whose retirement date is delayed under this section of this Act shall be on the first day of a month and shall be no later than July 1, 1998; and

(2) Prior”;

and in line 33, strike “December 31” and substitute “October 15”.

On page 8, in line 1, strike “December 31” and substitute “October 15”; and in line 2, after “section.” insert “The retirement date of any employee whose retirement date is delayed under this section of this Act shall be on the first day of a month and shall be no later than July 1, 1999.”.

AMENDMENT NO. 12

On page 8, in line 4, before “If” insert “(1)”; strike beginning with “in” in line 5 down through “received” in line 8 and substitute “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.

(2) If a member who applies to retire under this Act applies to purchase service credit under § 22-304, § 22-305, § 23-307, or § 23-308 of the State Personnel and Pensions Article, the member shall pay the amount required to purchase the service credit before the effective date of retirement”.

AMENDMENT NO. 13

On page 8, after line 18, insert:

“SECTION 12. AND BE IT FURTHER ENACTED, That general funds shall be allocated to pay the administrative costs associated with this Act incurred by the State Retirement Agency for members of the Employees’ Retirement System or Employees’ Pension System whose positions are supported in whole or in part by the State General Fund and who retire under this Act. The University of Maryland System shall be responsible for all other administrative costs incurred by the State Retirement Agency in implementing this Act, including, but not limited to, the costs associated with processing retirement applications, of members of the Employees’ Retirement System or Employees’ Pension System whose positions are not State-supported and who retire under this Act and members of the Teachers’ Retirement System and Teachers’ Pension System who retire under this Act.

SECTION 13. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the salary savings achieved under this Act which accrue to the University of Maryland System provide greater flexibility to the Board of Regents in addressing the priorities of the System, including retaining and recruiting faculty and meeting the demands of projected enrollment growth through greater use of technology and broadening the range of programs offered at institutions. The University of Maryland System shall provide a report to the budget committees and the Joint Committee on Pensions of the General Assembly no later than December 15, 1997, which includes estimated salary savings under this Act in Fiscal Years 1998 and 1999, in total and by institution, and how the salary savings will be allocated by each institution in those fiscal years.”;

and in line 19, strike “11.” and substitute “14.”.

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On page 6, in lines 18 and 38, strike “4.” and “5.”, respectively, and substitute “5.” and “6.”, respectively.

On page 7, in lines 9 and 33, strike “6.” and “7.”, respectively, and substitute “7.” and “8.”.

On page 8, in lines 3, 9, and 14, strike “8.”, “9.”, and “10.”, respectively, and substitute “9.”, “10.”, and “11.”, respectively.