
By: Chairman, Appropriations Committee (Departmental - University of Maryland System)

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Assigned to: Appropriations

Committee Report: Favorable with amendments

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Read second time: March 27, 1997

CHAPTER ____

1 AN ACT concerning

2 **University of Maryland System Workforce Flexibility Act**

3 FOR the purpose of allowing certain State employees of the University of Maryland
4 System who are members of the Employees' Retirement System, the Employees'
5 Pension System, the Teachers' Retirement System, or the Teachers' Pension System
6 to retire early with a service retirement allowance during a certain period of time
7 under certain circumstances; prohibiting a member who retires under this Act from
8 receiving an allowance that exceeds a certain amount; authorizing the Board of
9 Trustees for the State Retirement and Pension System to adopt certain regulations;
10 prohibiting the Board of Trustees from accepting an application after a certain date
11 and time or that is other than a certain application; providing for the benefits on
12 early retirement under this Act; altering the conditions under which a member who
13 retires under this Act may become reemployed by certain employers; requiring the
14 elimination of a certain number of positions in the State budget that are vacated by
15 members of the Employees' Retirement System or the Employees' Pension System;
16 requiring that the elimination of positions results in a total reduction in general
17 funds of a certain amount; requiring a certain reduction in the appropriation for the
18 University of Maryland System; requiring the Secretary of Budget and Management
19 to notify the Board of Trustees if a member revokes an application for retirement
20 under this Act; providing for a certain choice of death benefits to a designated
21 beneficiary if an employee dies under certain circumstances; providing for the
22 funding of certain retirement and pension costs under this Act; providing for the
23 delay of the effective date for certain employees to retire under this Act until a
24 certain date; requiring notification to the Board of Trustees of certain information
25 by a certain date; making the election to retire under this Act irrevocable except
26 under certain circumstances; providing that unused sick leave may not be used to
27 determine eligibility for the incentive provided for under this Act or to determine

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1 the amount of the incentive provided for under this Act; providing that the
 2 application shall be void if a member dies prior to the effective date of retirement
 3 under certain circumstances; requiring the University of Maryland System to submit
 4 before a certain date a report to specified State agencies and certain committees of
 5 the General Assembly; requiring payment for certain purchases of service credit
 6 before the effective date of retirement; providing for the allocation of certain
 7 administrative costs under this Act; declaring the intent of the General Assembly;
 8 providing for the effective date of this Act; and generally relating to the separation
 9 from employment and retirement of certain members of the State Employees'
 10 Retirement and Pension Systems and the State Teachers' Retirement and Pension
 11 Systems.

12 BY repealing and reenacting, with amendments,
 13 Article - State Personnel and Pensions
 14 Section 21-304(d)(4) ~~and 21-308(b)(1)~~
 15 Annotated Code of Maryland
 16 (1994 Volume and 1996 Supplement)

17 BY adding to
 18 Article - State Personnel and Pensions
 19 Section 21-304(d)(5) and 21-307(i) and (j)
 20 Annotated Code of Maryland
 21 (1994 Volume and 1996 Supplement)

22 Preamble

23 WHEREAS, The University of Maryland System requires increased management
 24 flexibility in order to create personnel opportunities to meet changing programmatic
 25 needs and projected enrollment growth; and

26 WHEREAS, In order to increase management flexibility for the University of
 27 Maryland System, and to realize overall costs savings, the General Assembly is offering a
 28 one-time early retirement incentive program to certain State employees of the University
 29 of Maryland System to provide an opportunity for the greatest number of employees to
 30 volunteer to leave State service; now, therefore,

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

33 **Article - State Personnel and Pensions**

34 21-304.

35 (d) (4) If the accrued liability is increased by legislation that provides for early
 36 retirement of State employees, the additional liability shall be funded over a period of 5
 37 years beginning on [July 1, 1997] ~~THE JULY 1 OF THE YEAR NEXT FOLLOWING THE~~
 38 ~~EFFECTIVE DATE OF ANY RETIREMENTS OCCURRING PURSUANT TO SUCH~~
 39 ~~LEGISLATION~~ JULY 1, 1997 FOR INDIVIDUALS WHO RETIRED UNDER CHAPTER 353 OF
 40 THE ACTS OF THE GENERAL ASSEMBLY OF 1996.

1 (5) IF THE ACCRUED LIABILITY IS INCREASED BY LEGISLATION
 2 EFFECTIVE JUNE 1, 1997, THAT PROVIDES FOR THE EARLY RETIREMENT OF
 3 EMPLOYEES OF THE UNIVERSITY OF MARYLAND SYSTEM WHO ARE MEMBERS OF
 4 THE EMPLOYEES' PENSION SYSTEM, EMPLOYEES' RETIREMENT SYSTEM, THE
 5 TEACHERS' PENSION SYSTEM, OR THE TEACHERS' RETIREMENT SYSTEM, THE
 6 ADDITIONAL LIABILITY SHALL BE DETERMINED BY THE ACTUARY AND FUNDED
 7 OVER A PERIOD OF 5 YEARS BEGINNING ON JULY 1, 1998 BY PAYMENT OF AN
 8 ANNUAL ACCRUED LIABILITY CONTRIBUTION BY THE UNIVERSITY OF MARYLAND
 9 SYSTEM AND THE MEDICAL SYSTEM AS PROVIDED IN § 21-307(I) AND (J) OF THIS
 10 ARTICLE.

11 ~~21-308.~~

12 ~~(b)(1)(i) As to members of the several systems whose compensation is paid~~
 13 ~~by the State, the Comptroller shall compute the amounts to be charged to the~~
 14 ~~appropriation of each unit as the unit's share of retirement costs for its employees.~~

15 ~~(ii) The Comptroller shall make the computation under subparagraph~~
 16 ~~(i) of this paragraph using the total rates of contributions as set by the actuary under §~~
 17 ~~21-304 of this subtitle.~~

18 ~~(III) EXCEPT AS PROVIDED IN SUBPARAGRAPH (IV) OF THIS~~
 19 ~~PARAGRAPH, IF THE ACCRUED LIABILITY IS INCREASED BY LEGISLATION THAT~~
 20 ~~PROVIDES FOR EARLY RETIREMENT OF MEMBERS OF THE TEACHERS' RETIREMENT~~
 21 ~~SYSTEM OR THE TEACHERS' PENSION SYSTEM FROM THE UNIVERSITY OF~~
 22 ~~MARYLAND SYSTEM, THE ADDITIONAL LIABILITY SHALL BE FUNDED OVER A~~
 23 ~~PERIOD OF 5 YEARS BEGINNING ON THE JULY 1 OF THE YEAR NEXT FOLLOWING~~
 24 ~~THE EFFECTIVE DATE OF SUCH RETIREMENTS OCCURRING PURSUANT TO SUCH~~
 25 ~~LEGISLATION.~~

26 ~~(IV) IF THE UNIVERSITY OF MARYLAND SYSTEM BOARD OF~~
 27 ~~REGENTS SO DETERMINES, THE INCREASE IN ACCRUED LIABILITY DISCUSSED IN~~
 28 ~~SUBPARAGRAPH (III) OF THIS PARAGRAPH MAY BE FUNDED BY THE UNIVERSITY OF~~
 29 ~~MARYLAND SYSTEM OVER A PERIOD OF LESS THAN 5 YEARS, PURSUANT TO A~~
 30 ~~SCHEDULE ADOPTED BY THE BOARD OF REGENTS AND APPROVED BY THE~~
 31 ~~COMPTROLLER.~~

32 ~~21-307.~~

33 (1) (1) EXCEPT AS PROVIDED IN SUBSECTION (J) OF THIS SECTION, THE
 34 UNIVERSITY OF MARYLAND SYSTEM SHALL PAY AN ANNUAL ACCRUED LIABILITY
 35 CONTRIBUTION EQUAL TO AN AMOUNT THAT IS SUFFICIENT TO LIQUIDATE, OVER
 36 NOT MORE THAN 5 YEARS, THE INCREASE IN THE ACCRUED LIABILITY
 37 DETERMINED UNDER § 21-304(D)(5) OF THIS SUBTITLE BY MEANS OF ANNUAL
 38 PAYMENTS THAT INCREASE EACH YEAR BASED ON ACTUARIAL ASSUMPTIONS
 39 ADOPTED BY THE BOARD OF TRUSTEES ON THE RECOMMENDATION OF THE
 40 ACTUARY.

41 (2) THE UNIVERSITY OF MARYLAND SYSTEM:

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

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

7 (J) (1) THE MEDICAL SYSTEM, AS DEFINED IN § 13-301(K) OF THE
8 EDUCATION ARTICLE, SHALL PAY AN ANNUAL ACCRUED LIABILITY CONTRIBUTION
9 EQUAL TO AN AMOUNT THAT IS SUFFICIENT TO LIQUIDATE, OVER NOT MORE THAN
10 5 YEARS, THE INCREASE IN THE ACCRUED LIABILITY DETERMINED UNDER §
11 21-304(D)(5) OF THIS SUBTITLE THAT IS ATTRIBUTABLE TO THE RETIREMENT OF
12 MEDICAL SYSTEM UNIVERSITY PERSONNEL, AS DEFINED IN § 13-301(Q) OF THE
13 EDUCATION ARTICLE, BY MEANS OF ANNUAL PAYMENTS THAT INCREASE EACH
14 YEAR BASED ON ACTUARIAL ASSUMPTIONS ADOPTED BY THE BOARD OF TRUSTEES
15 ON THE RECOMMENDATION OF THE ACTUARY.

16 (2) THE MEDICAL SYSTEM:

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

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

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

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

26 (i) Submits a written application to the Board of Trustees from ~~July~~
27 August 1, 1997 through August 29 September 30, 1997, both inclusive;

28 (ii) Is an employee of the University of Maryland System on June 1,
29 1997;

30 (iii) Is a member of the respective retirement or pension system on
31 January 1, 1997, as reflected in the records of the State Retirement Agency; and

32 (iv) On or before June 30, 1998:

33 1. Has at least 30 years of creditable service;

34 2. A. Has at least 25 years of creditable service; and

35 B. Is at least 50 years old; or

36 3. Is otherwise eligible to retire under § 22-401, § 22-402, §
37 23-401, or § 23-402 of the State Personnel and Pensions Article.

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1 (2) A member of the Teachers' Retirement System or the Teachers' Pension
2 System may retire if the member:

3 (i) Submits a written application to the Board of Trustees from ~~July~~
4 August 1, 1997 through September 30, 1997, both inclusive;

5 (ii) Is an employee of the University of Maryland System on June 1,
6 1997;

7 (iii) Is a member of the respective retirement or pension system on
8 January 1, 1997, as reflected in the records of the State Retirement Agency; and

9 (iv) On or before June 30, 1998:

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

11 B. Is at least 60 years old; or

12 2. Is otherwise eligible to retire under § 22-401, § 22-402, §
13 23-401, or § 23-402 of the State Personnel and Pensions Article.

14 (3) (i) Except as otherwise provided in paragraph (ii) of this subsection
15 and Section 7 8 of this Act, a member of the Employees' Retirement System or the
16 Employees' Pension System who elects the early retirement incentive under this section
17 shall retire on ~~October~~ November 1, 1997.

18 (ii) ~~Except as otherwise provided in Section 7 of this Act, a member of~~
19 ~~the Teachers' Retirement System or the Teachers' Pension System who elects the early~~
20 ~~retirement incentive under this section shall retire by July 1, 1998~~ An employee who has
21 timely filed an application in accordance with subsection (1) or (2) of this section and who
22 does not satisfy the eligibility requirements on or before November 1, 1997, shall retire on
23 the first day of the month following the month in which the employee becomes eligible to
24 retire under this Act.

25 (4) (i) Except as provided in paragraph (ii) of this subsection, an
26 application to retire under this section is irrevocable.

27 (ii) The Chancellor of the University of Maryland System may allow a
28 member to revoke an application if that member has experienced extenuating
29 circumstances since submitting the application, and the member submits a written request
30 to the Chancellor for a revocation of the member's application.

31 (iii) If a member revokes an application for retirement that is allowed
32 under paragraph (ii) of this subsection, the Chancellor of the University of Maryland
33 System shall notify the Board of Trustees of the revocation not later than 2 weeks after
34 the revocation.

35 (5) (i) Except as provided in paragraph (ii) of this subsection, a member
36 who retires under this section shall receive an additional 1 month of credit for each full
37 year of such member's creditable service.

38 (ii) For any part of a year of creditable service that is at least one-half
39 of 1 year, the member shall receive an additional 1 month of credit.

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1 (iii) A member's credit for unused sick leave may not be used to
 2 determine the member's creditable service that is used to compute the additional service
 3 credit under this paragraph.

4 (6) (i) Except as provided in paragraphs (ii) and (iii) of this subsection, a
 5 member of the Employees' Retirement System or Teachers' Retirement System who
 6 retires under this section shall receive a service retirement allowance equal to one
 7 fifty-fifth of the member's average final compensation multiplied by the sum of:

- 8 1. The member's creditable service; and
- 9 2. The additional credit described in subsection (5) of this
 10 section.

11 (ii) If a member has less than 30 years of creditable service and is less
 12 than 60 years old, the member's retirement allowance computed under paragraph (i) of
 13 this subsection shall be:

- 14 1. Reduced by the lesser of 0.5% for each month by which the
 15 member's date of retirement precedes the earlier of the date the member would be 60
 16 years old or the date the member would have completed 30 years of creditable service, not
 17 including the credit described in subsection (5) of this section, or 30%; and
- 18 2. Increased by the lesser of 18% or the amount of the
 19 reduction under subparagraph 1 of this paragraph.

20 (iii) A member of the Employees' Retirement System or the Teachers'
 21 Retirement System who is subject to Selection C (Combination formula) shall receive a
 22 service retirement allowance:

- 23 1. For creditable service before July 1, 1984, as provided in
 24 paragraph (i) of this subsection; and
- 25 2. For creditable service from July 1, 1984, as provided in
 26 subsection (5) of this section.

27 (7) (i) Except as provided in ~~paragraph (ii)~~ paragraphs (ii) and (iii) of this
 28 subsection, a member of the Employees' Pension System or Teachers' Pension System
 29 who retires under this section shall receive a service retirement allowance equal to the
 30 sum of the member's creditable service and the additional credit described in subsection
 31 (5) of this section multiplied by:

- 32 1. 0.8% of the member's average final compensation that is not
 33 in excess of the Social Security integration level; and
- 34 2. 1.5% of the member's average final compensation that
 35 exceeds the Social Security integration level.

36 (ii) If a member has less than 30 years of creditable service, not
 37 including the credit described in subsection (5) of this section, and is less than 62 years
 38 old, the member's retirement allowance computed under paragraph (i) of this subsection
 39 shall be:

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1 1. Reduced by the lesser of 0.5% for each month by which the
 2 member's date of retirement precedes the date the member would be 62 years old, or
 3 42%; and

4 2. Increased by the lesser of 18% or the amount of the
 5 reduction under subparagraph 1 of this paragraph.

6 (iii) If a member's retirement is delayed under Section 7 8 of this Act,
 7 the member shall receive the greater of a service retirement allowance computed under
 8 paragraphs (i) and (ii) of this subsection as of the retirement date or a service retirement
 9 allowance that is equal to the sum of the member's creditable service as of November 1,
 10 1997 and the additional credit described in subsection (5) of this section as of November
 11 1, 1997;

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

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

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

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

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

25 (8) The Board of Trustees:

26 (i) May adopt regulations to carry out this section; and

27 ~~(ii) 1. May not accept an application for retirement for a member~~
 28 ~~of the Employees' Retirement System or the Employees' Pension System under this~~
 29 ~~section of this Act that is filed with the State Retirement Agency after 5:00 p.m. on~~
 30 ~~August 29, 1997;~~

31 ~~2. May not accept an application for retirement for a member~~
 32 ~~of the Teachers' Retirement System or the Teachers' Pension System under this section~~
 33 ~~of this Act that is filed with the State Retirement Agency after 5:00 p.m. on September~~
 34 ~~30, 1997. May not accept an application for retirement under this section of this Act that:~~

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

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

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1 (9) A member who retires under this section may not receive a basic
2 allowance that exceeds the member's average final compensation.

3 (10) Except as provided in subsection (11) of this section, if the member dies
4 prior to the effective date of retirement, an application to retire in accordance with the
5 provisions of this section shall be void and of no effect, and the benefits payable on the
6 member's account shall be computed as if the application had not been filed.

7 (11) Notwithstanding any other provision of law, if an employee whose
8 effective retirement date is delayed under Section 7 8 of this Act dies before the effective
9 date of retirement, the employee's designated beneficiary shall have the option of
10 receiving either the death benefit under Title 29, Subtitle 2 of the State Personnel and
11 Pensions Article, including, if the designated beneficiary is eligible for an Option 2
12 allowance, an Option 2 allowance based on a retirement allowance computed as provided
13 under this Act, or the retirement benefit based on the retirement allowance that the
14 designated beneficiary would otherwise be entitled to receive in accordance with the
15 member's application for retirement.

16 (12) Notwithstanding any other provision of law, if an employee whose
17 retirement date is delayed under Section 7 8 of this Act becomes disabled before the
18 effective date of retirement, then the employee shall have the option of revoking the
19 employee's application to retire under this Act.

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

21 (1) A member of the Employees' Retirement System or the Employees'
22 Pension System who retires under this Act may not become reemployed in a temporary or
23 contractual position with the Executive Branch of the State government unless the
24 reemployment is approved by the Board of Public Works.

25 (2) No more than 2% of the total number of members of the Employees'
26 Retirement System and the Employees' Pension System who elect to retire under this Act
27 may be reemployed in a contractual or temporary position in any branch of State
28 government.

29 (3) The Board of Public Works may not approve the reemployment in a
30 temporary or contractual position in the Executive Branch of State government of a
31 member of the Employees' Retirement System or the Employees' Pension System who
32 retires under this Act, if that reemployment would result in more than 2% of such
33 members who retired under this Act being reemployed in a temporary or contractual
34 position with the State.

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

40 SECTION 4. 5. AND BE IT FURTHER ENACTED, That:

41 (1) On or before ~~November~~ December 1, 1997, the ~~officials of the State~~
42 Board of Public Works shall eliminate the number of positions from the Fiscal Year 1998

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1 State budget that is equivalent to at least 60% of the number of positions in the State
 2 budget of the University of Maryland System that are vacated by individual members of
 3 the Employees' Retirement System or the Employees' Pension System who retire ~~October~~
 4 November 1, 1997 under Section 2(1) of this Act, and shall eliminate a number of
 5 positions from the proposed Fiscal Year 1999 State budget that is equivalent to at least
 6 60% of the number of positions in the State budget of the University of Maryland System
 7 to be vacated by individual members of the Employees' Retirement System or the
 8 Employees' Pension System who ~~are to retire on June 30, 1998 in accordance with Section~~
 9 ~~2 of this Act~~ retire under this Act after November 1, 1997.

10 (2) On or before ~~November~~ December 1, 1997, the Chancellor of the
 11 University of Maryland System shall determine and certify to the Department of Budget
 12 and Management which positions are to be eliminated from the University of Maryland
 13 System administration, and from each constituent institution of the University of
 14 Maryland System.

15 (3) The positions in the State budget of the University of Maryland System
 16 eliminated in accordance with subsection (1) of this section shall result in a total
 17 reduction in ~~salaries and fringe benefits that is equivalent to at least the sum of the~~
 18 ~~percentages of the salary and fringe benefits which is provided by State appropriation for~~
 19 ~~each position vacated by a member of the Employees' Retirement System or the~~
 20 ~~Employees' Pension System~~ general funds that is equal to at least 60% of the total
 21 salaries and fringe benefits of the positions eliminated under this Act.

22 SECTION ~~5-~~ 6. AND BE IT FURTHER ENACTED, That:

23 (1) In this section, "net salary savings" means the amount of an
 24 appropriation of State general funds for the University of Maryland System that is saved
 25 as a result of the elimination of positions under Section ~~4-5~~ of this Act, less the amounts
 26 paid by the State for unused annual leave for individuals who retire under this Act
 27 multiplied by the percent of general funds reduced in accordance with Section ~~4(3)~~ 5(3)
 28 of this Act, which percent shall be at least 60%.

29 (2) On or before January 1, 1998 for Fiscal Year 1998, the Chancellor of the
 30 University of Maryland System shall determine the net salary savings under this Act, and
 31 the Governor, subject to the approval of the Board of Public Works, shall reduce the
 32 State appropriation for the University of Maryland System by the amount of such net
 33 salary savings.

34 (3) A copy of the amended appropriation for the University of Maryland
 35 System shall be sent to the Governor, the Comptroller, the Secretary of Budget and
 36 Management, the Department of Fiscal Services, and the University of Maryland System.

37 SECTION ~~6-~~ 7. AND BE IT FURTHER ENACTED, That in accordance with §
 38 2-1312 of the State Government Article:

39 (1) On or before January 1, 1998, the State Retirement Agency shall report
 40 to the General Assembly on the total number of State employees who have elected
 41 retirement under this Act.

42 (2) On or before November 1, 1997, and in the executive budget submission
 43 for Fiscal Year 1999, the University of Maryland System shall submit to the Department

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1 of Budget and Management, the budget committees and the Spending Affordability
2 Committee of the General Assembly;

3 (i) The number of employees and the salaries of the employees of the
4 University of Maryland System administration and of each constituent institution of the
5 University of Maryland System who retire under this Act;

6 (ii) A list of the positions and the salary and fringe benefits for the
7 positions that are eliminated under this Act;

8 (iii) A schedule of the total number of positions, as of June 30, 1997,
9 for the University of Maryland System administration and for each constituent institution
10 of the University of Maryland System and the number of positions that are eliminated
11 pursuant to this Act; and

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

13 (3) On or before August 1, 1998, the University of Maryland System shall
14 submit to the Department of Budget and Management, the budget committees, and the
15 Spending Affordability Committee of the General Assembly a list of the positions and the
16 salary and fringe benefits for the positions to be eliminated in the State budget or by
17 budget amendment after September 30, 1997 and before July 1, 1998.

18 SECTION 7- ~~8~~ AND BE IT FURTHER ENACTED, That ~~prior~~:

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

33 (2) Prior to ~~December 31~~ October 15, 1997, the president of each
34 constituent institution of the University of Maryland System shall review the positions of
35 those members of the Teachers' Retirement System or the Teachers' Pension System who
36 have elected early retirement under this Act, and shall determine whether the
37 institution's needs and mission require the delay of retirement for some of these
38 members. In the event that the president determines that such delay is required, the
39 retirement for members identified by the president shall be delayed until no later than
40 June 30, 1999. In no event shall the number of persons whose retirement is delayed
41 exceed 50% of each institution's employees who are members of the Teachers'
42 Retirement System or the Teachers' Pension System who have elected to retire under this
43 Act. The president shall notify the Board of Trustees by ~~December 31~~ October 15, 1997

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1 of the employees whose retirement date will be delayed under this section. The
 2 retirement date of any employee whose retirement date is delayed under this section of
 3 this Act shall be on the first day of a month and shall be no later than July 1, 1999.

4 SECTION 8- ~~9~~. 9. AND BE IT FURTHER ENACTED, That:

5 (1) If a retiree who elected the early retirement incentive pursuant to this
 6 Act is reemployed in a permanent, temporary, or contractual position with the State, ~~in~~
 7 ~~addition to any other reduction in the retiree's allowance required under State law, the~~
 8 ~~retiree's retirement allowance shall be reduced by the amount it exceeds the retirement~~
 9 ~~allowance the retiree would otherwise have received~~ the retiree's retirement allowance
 10 shall be reduced by the amount that the sum of the retiree's annual compensation and the
 11 retiree's annual basic allowance at the time of retirement, including the incentive
 12 provided by this Act, exceeds the average final compensation used to compute the basic
 13 allowance.

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

18 SECTION 9- ~~10~~. 10. AND BE IT FURTHER ENACTED, That, for all purposes
 19 relevant to this Act, the Chancellor of the University of Maryland System shall perform
 20 all functions for the University of Maryland System administration, which functions are
 21 performed by the president of each constituent institution of the University of Maryland
 22 System for such institution.

23 SECTION ~~10~~. 11. AND BE IT FURTHER ENACTED, That it is the intent of the
 24 General Assembly that the retirement incentive applicable to employees who voluntarily
 25 separate from State service by participating in the early retirement program established
 26 under this Act does not represent an ongoing policy of the State and is a one-time offer
 27 only.

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

39 SECTION 13. AND BE IT FURTHER ENACTED, That it is the intent of the
 40 General Assembly that the salary savings achieved under this Act which accrue to the
 41 University of Maryland System provide greater flexibility to the Board of Regents in
 42 addressing the priorities of the System, including retaining and recruiting faculty and
 43 meeting the demands of projected enrollment growth through greater use of technology
 44 and broadening the range of programs offered at institutions. The University of Maryland

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1 System shall provide a report to the budget committees and the Joint Committee on
2 Pensions of the General Assembly no later than December 15, 1997, which includes
3 estimated salary savings under this Act in Fiscal Years 1998 and 1999, in total and by
4 institution, and how the salary savings will be allocated by each institution in those fiscal
5 years.

6 SECTION ~~4+~~ 14. AND BE IT FURTHER ENACTED, That this Act shall take
7 effect June 1, 1997.