
By: Delegates Menes, Frush, and Rosapepe

Introduced and read first time: February 19, 1997

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Workforce Reduction Act - Laid Off Employees - Closure of Facility**

3 FOR the purpose of allowing certain State employee members or former members of the
4 Employees' Retirement System or the Employees' Pension System who were laid off
5 under certain circumstances to retire during a certain period; making the election to
6 retire under this Act irrevocable except under certain circumstances; requiring the
7 Secretary of Budget and Management to notify the Board of Trustees if a member
8 revokes an application for retirement under this Act; providing for the benefits on
9 retirement under this Act; providing that unused sick leave may not be used to
10 determine eligibility for the incentive provided for in this Act or to determine the
11 amount of the incentive provided for under this Act, but shall be used to determine
12 creditable service for computing the retirement allowance; authorizing the Board of
13 Trustees for the State Retirement and Pension System to adopt certain regulations;
14 prohibiting a member who retires under this Act from receiving an allowance that
15 exceeds a certain amount; providing that the application shall be void if a member
16 dies prior to the effective date of retirement under certain circumstances; altering
17 the conditions under which a member who retires under this Act may become
18 reemployed by certain employers; limiting the number of employees who retire
19 under this Act from being rehired as temporary or contractual employees; requiring
20 the Department of Budget and Management to monitor the number of employees
21 who retire under this Act who are rehired as temporary or contractual employees;
22 providing for the funding of certain retirement and pension costs under this Act;
23 requiring the State Retirement Agency to submit before a certain date a certain
24 report to the General Assembly; allowing the State Retirement Agency to take a
25 certain number of additional days to process certain retirement applications without
26 affecting an applicant's right to a benefit; requiring the State to pay the entire cost
27 of health insurance premiums for certain former State employees who were laid off
28 under certain circumstances; requiring the Department of Budget and Management
29 to make a certain determination and provide certain notice; and generally relating
30 to the retirement of certain members or former members of the Employees'
31 Retirement System or the Employees' Pension System.

32 BY repealing and reenacting, with amendments,

33 Article - State Personnel and Pensions

34 Section 21-304(d)(4)

35 Annotated Code of Maryland

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1 (1994 Volume and 1996 Supplement)

2 Preamble

3 WHEREAS, The Workforce Reduction Act passed by the General Assembly under
4 Chapter 353 of the Acts of 1996 provided for retirement of State employees who were
5 members of the Employees' Retirement System or the Employees' Pension System with
6 an enhanced benefit if they met the requirements for retirement under the Act, including
7 employees whose positions were eliminated in the State budget; and

8 WHEREAS, The Act also provided for the State to pay the full cost of health
9 insurance for employees who did not retire under the Act but whose position
10 identification numbers were eliminated in the State budget; and

11 WHEREAS, Some employees were laid off as a result of closure of a State facility,
12 including the Great Oaks Center, but were ineligible to receive benefits because their
13 positions were not eliminated from the State budget; and

14 WHEREAS, It is important to ensure that all employees who involuntarily lost their
15 State position due to the closure of a State facility are treated the same regardless of the
16 method of their separation from employment; now, therefore,

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

19 **Article - State Personnel and Pensions**

20 21-304.

21 (d) (4) If the accrued liability is increased by legislation that provides for early
22 retirement of state employees, the additional liability shall be funded over a period of 5
23 years beginning on:

24 (I) July 1, 1997 FOR LEGISLATION EFFECTIVE JUNE 1, 1996; AND

25 (II) JULY 1, 1998 FOR LEGISLATION EFFECTIVE JUNE 1, 1997.

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

27 (1) A member or former member of the Employees' Retirement System or
28 the Employees' Pension System may retire if the individual:

29 (i) Submits a written application to the Board of Trustees from June
30 1, 1997 through July 1, 1997, both inclusive;

31 (ii) Was laid off as a result of the closure of a State facility at any time
32 after December 31, 1995 and before July 1, 1997, and was not reemployed by the State in
33 another position, as certified by the Department of Budget and Management; and

34 (iii) Met the eligibility criteria for retiring under Chapter 353 of the
35 Acts of the General Assembly of 1996, except for the requirement that the employee be
36 separated from employment as a result of the elimination of the employee's position in
37 the budget or by budget amendment;

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1 (2) An employee who elects the early retirement incentive under this section
2 of this Act shall retire on July 1, 1997;

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

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

9 (iii) If a member revokes an application for retirement that is allowed
10 under subparagraph (ii) of this paragraph, the Secretary of Budget and Management shall
11 notify the Board of Trustees of the revocation not later than 2 weeks after the revocation;

12 (4) (i) Except as provided in subparagraph (ii) of this paragraph, a
13 member who retires under this section of this Act shall receive an additional 1 month of
14 credit for each full year of the member's creditable service;

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

17 (iii) A member's credit for unused sick leave as of the date of
18 separation from employment:

19 1. May not be used to determine the member's creditable
20 service that is used to compute the additional service credit under this paragraph; and

21 2. Shall be used to determine the member's creditable service
22 that is used to compute the retirement allowance under paragraphs (5) and (6) of this
23 section of this Act;

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

28 1. The member's creditable service; and

29 2. The additional credit described in paragraph (4) of this
30 section of this Act;

31 (ii) If a member has less than 30 years of eligibility service and is less
32 than 60 years old, the member's retirement allowance computed under subparagraph (i)
33 of this paragraph shall be:

34 1. Reduced by the lesser of 0.5% for each month by which the
35 member's date of retirement precedes the earlier of the date the member would be 60
36 years old or the date the member would have completed 30 years of eligibility service, not
37 including the credit described in paragraph (4) of this section of this Act, or 30%; and

38 2. Increased by the lesser of 18% or the amount of the
39 reduction under sub-subparagraph 1 of this subparagraph; and

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

3 1. For creditable service before July 1, 1984, as provided in
4 subparagraph (i) of this paragraph; and

5 2. For creditable service from July 1, 1984, as provided in
6 paragraph (6) of this section of this Act;

7 (6) (i) Except as provided in subparagraph (ii) of this paragraph, a
8 member of the Employees' Pension System who retires under this section of this Act shall
9 receive a service retirement allowance equal to the sum of the member's creditable
10 service and the additional credit described in paragraph (4) of this section of this Act,
11 multiplied by:

12 1. 0.8% of the member's average final compensation that is not
13 in excess of the Social Security integration level; and

14 2. 1.5% of the member's average final compensation that
15 exceeds the Social Security integration level; and

16 (ii) If a member has less than 30 years of eligibility service and is less
17 than 62 years old, the member's retirement allowance computed under subparagraph (i)
18 of this paragraph shall be:

19 1. Reduced by the lesser of 0.5% for each month by which the
20 member's date of retirement precedes the date the member would be 62 years old or
21 42%; and

22 2. Increased by the lesser of 18% or the amount of the
23 reduction under sub-subparagraph 1 of this subparagraph;

24 (7) The Board of Trustees:

25 (i) May adopt regulations to carry out this section of this Act; and

26 (ii) May not accept an application for retirement under this section of
27 this Act that is filed with the State Retirement Agency after 5:00 p.m. on June 30, 1997;

28 (8) A member who retires under this section of this Act may not receive a
29 basic allowance that exceeds the member's average final compensation; and

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

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

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

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

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

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

14 (5) The Department of Budget and Management shall review the
15 applications for reemployment as contractual or temporary employees under this Act and
16 shall advise the Board of Public Works if the reemployment of an individual will cause the
17 2% limit under paragraph (3) of this section of this Act to be exceeded.

18 SECTION 4. AND BE IT FURTHER ENACTED, That, in accordance with §
19 2-1312 of the State Government Article on or before January 1, 1998, the State
20 Retirement Agency shall report to the General Assembly on the total number of State
21 employees who retire under this Act.

22 SECTION 5. AND BE IT FURTHER ENACTED, That, in recognition of the
23 additional administrative burden that may result under this Act, the State Retirement
24 Agency may take an additional 60 days to process applications for retirement that are
25 filed for retirement under this Act. Except to the extent of a delay in the receipt of a
26 benefit, a delay in processing an application may not affect an applicant's right to a
27 benefit.

28 SECTION 6. AND BE IT FURTHER ENACTED, That for those employees who
29 have been separated from employment because they were laid off as a result of the
30 closure of a State facility at any time after December 31, 1995 and before July 1, 1997,
31 and who did not retire on or before June 30, 1997 and do not retire under this Act, the
32 State shall pay the entire cost of health insurance premiums for those employees to
33 receive the same health insurance coverage the employees received while employed by
34 the State, for a period of not more than 12 months after filing an application for health
35 insurance coverage but not later than June 30, 1998, or until those former employees are
36 covered by another employer subsidized health insurance plan through another employer,
37 whichever comes first.

38 SECTION 7. AND BE IT FURTHER ENACTED, That the Department of Budget
39 and Management shall determine those former State employees who were laid off as a
40 result of a closure of a State facility during the period after December 31, 1995 and before
41 July 1, 1997 and shall notify those former State employees that they may be eligible for
42 health insurance or retirement benefits under this Act.

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1 SECTION 8. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 June 1, 1997.