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CHAPTER ____

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

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1 to make a certain determination and provide certain notice; and generally relating
2 to the retirement of certain members or former members of the Employees'
3 Retirement System or the Employees' Pension System.

4 BY repealing and reenacting, with amendments,
5 Article - State Personnel and Pensions
6 Section 21-304(d)(4)
7 Annotated Code of Maryland
8 (1994 Volume and 1996 Supplement)

9 Preamble

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

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

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

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

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

26 **Article - State Personnel and Pensions**

27 21-304.

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

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

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

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

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

36 (i) Submits a written application to the Board of Trustees from June
37 1, 1997 through ~~July 1~~ June 30, 1997, both inclusive;

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1 (ii) ~~Was~~ Received a notice from the Department of Budget and
 2 Management certifying that the individual was laid off as a result of the closure of a State
 3 facility at any time after December 31, 1995 and before July 1, 1997, and was not
 4 reemployed by the State in another position, ~~as certified by the Department of Budget~~
 5 ~~and Management~~; and

6 (iii) Met the eligibility criteria for retiring under Section 2(2) of
 7 Chapter 353 of the Acts of the General Assembly of 1996, except for the requirement that
 8 the employee be separated from employment as a result of the elimination of the
 9 employee's position in the State budget or by budget amendment;

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

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

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

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

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

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

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

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

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

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

37 1. The member's creditable service; and

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

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

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

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

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

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

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

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

21 1. 0.8% of the member's average final compensation that is not
 22 in excess of the Social Security integration level; and

23 2. 1.5% of the member's average final compensation that
 24 exceeds the Social Security integration level; and

25 (ii) If a member has less than 30 years of eligibility service, not
 26 including the credit described in paragraph (4) of this section of this Act, and is less than
 27 62 years old, the member's retirement allowance computed under subparagraph (i) of this
 28 paragraph shall be:

29 1. Reduced by the lesser of 0.5% for each month by which the
 30 member's date of retirement precedes the date the member would be 62 years old or
 31 42%; and

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

34 (7) The Board of Trustees:

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

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

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

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

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

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

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

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

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

22 (5) The Department of Budget and Management shall review the
23 applications for reemployment as contractual or temporary employees under this Act and
24 shall advise the Board of Public Works if the reemployment of an individual will cause the
25 2% limit under paragraph (3) of this section of this Act to be exceeded.

26 SECTION 4. AND BE IT FURTHER ENACTED, That, in accordance with §
27 2-1312 of the State Government Article on or before January 1, 1998, the State
28 Retirement Agency shall report to the General Assembly on the total number of State
29 employees who retire under this Act.

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

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

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1 covered by another employer subsidized health insurance plan through another employer,
2 whichever comes first.

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

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