

HOUSE BILL 199

Unofficial Copy
K4

1998 Regular Session
(8lr6133)

ENROLLED BILL
-- Appropriations/Budget and Taxation --

Introduced by **Chairman, Appropriations Committee (Departmental -
University System of Maryland)**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

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

3 FOR the purpose of allowing certain State employees of the University System of
4 Maryland who are members of the Employees' Retirement System or the
5 Employees' Pension System to retire early with a service retirement allowance
6 during a certain period of time under certain circumstances; prohibiting a
7 member who retires under this Act from receiving an allowance that exceeds a
8 certain amount; authorizing the Board of Trustees for the State Retirement and
9 Pension System to adopt certain regulations providing for the benefits on early
10 retirement under this Act; altering the conditions under which a member who
11 retires under this Act may become reemployed by certain employers; allowing
12 certain employees who are separated from employment under certain
13 circumstances to be eligible for certain retirement benefits; requiring the
14 University Medical System to pay for a certain period the entire cost of health
15 insurance premiums for certain employees who are separated from employment
16 under certain circumstances; providing for the payment for a certain period the

1 entire cost of health insurance premiums for certain employees of the University
 2 System of Maryland who are separated from employment under certain
 3 circumstances; requiring the Chancellor to notify the Board of Trustees if a
 4 member revokes an application for retirement under this Act; providing for a
 5 certain choice of death benefits to a designated beneficiary if an employee dies
 6 under certain circumstances; providing for the funding of certain retirement and
 7 pension costs under this Act; providing for the delay of the effective date for
 8 certain employees to retire under this Act until a certain date; requiring
 9 notification to the Board of Trustees of certain information by a certain date;
 10 making the election to retire under this Act irrevocable except under certain
 11 circumstances; providing that unused sick leave may not be used to determine
 12 eligibility for the incentive provided for under this Act or to determine the
 13 amount of the incentive provided for under this Act; providing that the
 14 application for retirement shall be void if a member dies prior to the effective
 15 date of retirement under certain circumstances; requiring the University
 16 System of Maryland to submit before a certain date a report to specified State
 17 agencies and certain committees of the General Assembly; declaring the intent
 18 of the General Assembly; clarifying that an individual who retires under this Act
 19 is entitled to an initial retirement allowance only as provided in this Act and not
 20 as provided under a certain other Act; providing for a certain refund of certain
 21 member contributions plus regular interest; providing for the effective date of
 22 this Act; and generally relating to the separation from employment and
 23 retirement of certain members of the Employees' Retirement System and the
 24 Employees' Pension System.

25 BY repealing and reenacting, without amendments,
 26 Article - State Personnel and Pensions
 27 Section 21-304(d)(4)
 28 Annotated Code of Maryland
 29 (1997 Replacement Volume)

30 BY adding to
 31 Article - State Personnel and Pensions
 32 Section 21-304(d)(5) and 21-307(i) and (j)
 33 Annotated Code of Maryland
 34 (1997 Replacement Volume)

35 Preamble

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

39 WHEREAS, In order to increase management flexibility for the University
 40 System of Maryland, and to realize overall costs savings, the General Assembly is
 41 offering a one-time early retirement incentive program to certain State employees of

1 the University System of Maryland to provide an opportunity for the greatest number
2 of employees to volunteer to leave State service; now, therefore,

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

5 **Article - State Personnel and Pensions**

6 21-304.

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

10 (i) July 1, 1997 for legislation effective June 1, 1996; and

11 (ii) July 1, 1998 for legislation effective June 1, 1997.

12 (5) IF THE ACCRUED LIABILITY IS INCREASED BY LEGISLATION
13 EFFECTIVE JUNE 1, 1998, THAT PROVIDES FOR THE EARLY RETIREMENT OF
14 EMPLOYEES OF THE UNIVERSITY SYSTEM OF MARYLAND WHO ARE MEMBERS OF
15 THE EMPLOYEES' PENSION SYSTEM OR THE EMPLOYEES' RETIREMENT SYSTEM, THE
16 ADDITIONAL LIABILITY SHALL BE DETERMINED BY THE ACTUARY AND FUNDED
17 OVER A PERIOD OF 5 YEARS BEGINNING ON JULY 1, 1999 BY PAYMENT OF AN ANNUAL
18 ACCRUED LIABILITY CONTRIBUTION BY THE UNIVERSITY SYSTEM OF MARYLAND
19 AND THE MEDICAL SYSTEM AS PROVIDED IN § 21-307(I) AND (J) OF THIS SUBTITLE.

20 21-307.

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

28 (2) THE UNIVERSITY SYSTEM OF MARYLAND:

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

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

35 (J) (1) THE MEDICAL SYSTEM, AS DEFINED IN § 13-301(K) OF THE
36 EDUCATION ARTICLE, SHALL PAY AN ANNUAL ACCRUED LIABILITY CONTRIBUTION
37 EQUAL TO AN AMOUNT THAT IS SUFFICIENT TO LIQUIDATE, OVER NOT MORE THAN 5

1 YEARS, THE INCREASE IN THE ACCRUED LIABILITY DETERMINED UNDER §
 2 21-304(D)(5) OF THIS SUBTITLE THAT IS ATTRIBUTABLE TO THE RETIREMENT OF
 3 MEDICAL SYSTEM UNIVERSITY PERSONNEL, AS DEFINED IN § 13-301(Q) OF THE
 4 EDUCATION ARTICLE, BY MEANS OF ANNUAL PAYMENTS THAT INCREASE EACH YEAR
 5 BASED ON ACTUARIAL ASSUMPTIONS ADOPTED BY THE BOARD OF TRUSTEES ON THE
 6 RECOMMENDATION OF THE ACTUARY.

7 (2) THE MEDICAL SYSTEM:

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

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

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

15 (1) ~~A~~ Except as provided under subsection (2) of this section, a member
 16 of the Employees' Retirement System or the Employees' Pension System may retire if
 17 the member:

18 (i) submits a written application to the Board of Trustees from
 19 July 1, 1998 through August 31, 1998, inclusive;

20 (ii) is an employee of the University System of Maryland on June 1,
 21 1998;

22 (iii) is a member of the respective Retirement or Pension System on
 23 January 1, 1998, as reflected in the records of the State Retirement Agency; and

24 (iv) on or before June 30, 1999:

25 1. has at least 30 years of creditable service;

26 2. A. has at least 25 years of creditable service; and

27 B. is at least 50 years old; or

28 3. is otherwise eligible to retire under § 22-401, § 22-402, §
 29 23-401, or § 23-402 of the State Personnel and Pensions Article.

30 (2) A member of the Employees' Retirement System or the Employees'
 31 Pension System who is deemed a State employee for retirement purposes and who
 32 was an employee of the Medical System, as defined in § 13-301(k) of the Education
 33 Article, or the University System of Maryland, on January 1, 1997 and is separated
 34 from employment as a result of the elimination of the employee's position by the
 35 Medical System or as a result of the elimination of the member's position in the State

1 budget or by budget amendment or as a result of legislative action reducing the State
 2 budget after January 1, 1998 and before July 1, ~~1998~~ 1999 may retire if the member:

3 (i) Submits a written application to the Board of Trustees from
 4 June 1, 1998 through August 31, 1998, both inclusive, if the member's position is
 5 eliminated by the Medical System or in the State budget or by budget amendment or as
 6 a result of legislative action reducing the State budget before August 1, 1998 or not
 7 later than 30 days after the member is separated from employment and before July 1,
 8 1999, if the member's position is eliminated by the Medical System or in the State
 9 budget or by budget amendment or as a result of legislative action reducing the State
 10 budget after July 31, 1998 and before July 1, 1999;

11 (ii) Is a member of the respective system on January 1, 1998; and

12 (iii) On or before June 30, ~~1998~~ 1999 has at least 20 years of
 13 creditable service.

14 (3) (i) Except as otherwise provided in paragraph (ii) or (iii) of this
 15 subsection and Section 7 of this Act, a member of the Employees' Retirement System
 16 or the Employees' Pension System who elects the early retirement incentive under
 17 this section shall retire on October 1, 1998.

18 (ii) An employee who has timely filed an application in accordance
 19 with subsection (1) of this section and who does not satisfy the eligibility
 20 requirements on or before October 1, 1998, shall retire on the first day of the month
 21 following the month in which the employee becomes eligible to retire under this Act.

22 (iii) An employee who has timely filed an application in accordance
 23 with subsection (2) of this section and who does satisfy the eligibility requirements as
 24 of the effective date of retirement specified in the application shall retire on the first
 25 day of the month following the month in which the employee files the application.

26 (3) (4) (i) Except as provided in paragraph (ii) of this subsection, an
 27 application to retire under this section is irrevocable.

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

32 (iii) If a member revokes an application for retirement that is
 33 allowed under paragraph (ii) of this subsection, the Chancellor of the University
 34 System of Maryland shall notify the Board of Trustees of the revocation not later than
 35 2 weeks after the revocation.

36 (4) (5) (i) Except as provided in paragraph (ii) of this subsection, a
 37 member who retires under this section shall receive an additional 1 month of credit
 38 for each full year of such member's creditable service.

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

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

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

- 10 1. the member's creditable service; and
- 11 2. the additional credit described in subsection ~~(4)~~ (5) of this
12 section.

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

16 1. reduced by the lesser of 0.5% for each month by which the
17 member's date of retirement precedes the earlier of the date the member would be 60
18 years old or the date the member would have completed 30 years of creditable
19 eligibility service, ~~not including the credit described in subsection (4) (5) of this~~
20 ~~section~~, or 30%; and

21 2. increased by the lesser of 18% or the amount of the
22 reduction under subparagraph 1 of this paragraph.

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

25 1. for creditable service before July 1, 1984, as provided in
26 paragraph (i) of this subsection; and

27 2. for creditable service from July 1, 1984, as provided in
28 subsection ~~(6)~~ (7) of this section.

29 ~~(6)~~ (7) (i) Except as provided in paragraphs (ii) and (iii) of this
30 subsection, a member of the Employees' Pension System who retires under this
31 section shall receive a service retirement allowance equal to the sum of the member's
32 creditable service and the additional credit described in subsection ~~(4)~~ (5) of this
33 section multiplied by:

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

36 2. 1.5% of the member's average final compensation that
37 exceeds the Social Security integration level.

1 (ii) If a member has less than 30 years of creditable eligibility
2 service, ~~not including the credit described in subsection (4) of this section~~, and is less
3 than 62 years old, the member's retirement allowance computed under paragraph (i)
4 of this subsection shall be:

5 1. reduced by the lesser of 0.5% for each month by which the
6 member's date of retirement precedes the date the member would be 62 years old, or
7 42%; and

8 2. increased by the lesser of 18% or the amount of the
9 reduction under subparagraph 1 of this paragraph.

10 (iii) If a member's retirement is delayed under Section 7 of this Act,
11 the member shall receive the greater of a service retirement allowance computed
12 under paragraphs (i) and (ii) of this subsection as of the retirement date or a service
13 retirement allowance that is equal to the sum of the member's creditable service as of
14 October 1, 1998 and the additional credit described in subsection ~~(4)~~ (5) of this section
15 as of October 1, 1998:

16 1. multiplied by 0.8% of the member's average final
17 compensation that is not in excess of the Social Security integration level that is in
18 effect on October 1, 1998;

19 2. multiplied by 1.5% of the member's average final
20 compensation that exceeds the Social Security integration level that is in effect on
21 October 1, 1998; and

22 3. if, as of October 1, 1998, the member has less than 30
23 years of creditable eligibility service and is less than 62 years old, the member's
24 retirement allowance computed under items 1 and 2 of this paragraph shall be:

25 A. reduced by the lesser of 0.5% for each month by which
26 October 1, 1998 precedes the date the member would be 62 years old or 42%; and

27 B. increased by the lesser of 18% or the amount of the
28 reduction under item A of this item.

29 ~~(7)~~ (8) The Board of Trustees:

30 (i) may adopt regulations to carry out this section; and

31 (ii) may not accept an application for retirement under this section
32 of the Act that:

33 1. is filed with the State Retirement Agency after 5:00 p.m.
34 on August 31, 1998; or

35 2. is other than the SRA130-98, entitled Application to
36 Retire with Incentive.

1 ~~(8)~~ (9) A member who retires under this section may not receive a basic
2 allowance that exceeds the member's average final compensation.

3 ~~(9)~~ (10) Except as provided in subsection ~~(40)~~ (11) of this section, if the
4 member dies prior to the effective date of retirement, an application to retire in
5 accordance with the provisions of this section shall be void and of no effect, and the
6 benefits payable on the member's account shall be computed as if the application had
7 not been filed.

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

17 ~~(11)~~ (12) Notwithstanding any other provision of law, if an employee
18 whose retirement date is delayed under Section 7 of this Act becomes disabled before
19 the effective date of retirement, then the employee shall have the option of revoking
20 the employee's application to retire under this Act.

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

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

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

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

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

37 (1) On or before November 1, 1998, the Board of Public Works shall
38 eliminate the number of positions from the Fiscal Year 1999 State budget that is
39 equivalent to at least 60% of the number of positions in the State budget of the
40 University System of Maryland that are vacated by individual members of the
41 Employees' Retirement System or the Employees' Pension System who retire on

1 October 1, 1998 under Section 2(1) of this Act, and shall eliminate a number of
2 positions from the proposed Fiscal Year 2000 State budget that is equivalent to at
3 least 60% of the number of positions in the State budget of the University System of
4 Maryland to be vacated by individual members of the Employees' Retirement System
5 or the Employees' Pension System who retire after October 1, 1998 under Section 2(1)
6 of this Act.

7 (2) On or before December 1, 1998, the Chancellor of the University
8 System of Maryland shall determine and certify to the Department of Budget and
9 Management which positions are to be eliminated from the University System of
10 Maryland administration and from each constituent institution of the University
11 System of Maryland.

12 (3) The positions in the State budget of the University System of
13 Maryland eliminated in accordance with subsection (1) of this section shall result in a
14 total reduction in general funds that is equal to at least 60% of the total salaries and
15 fringe benefits of the positions eliminated under this Act.

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

17 (1) In this section, "net salary savings" means the amount of an
18 appropriation of State general funds for the University System of Maryland that is
19 saved as a result of the elimination of positions under Section 4 of this Act, less the
20 amounts paid by the State for unused annual leave for individuals who retire under
21 this Act multiplied by the percent of general funds reduced in accordance with Section
22 4(3) of this Act, which percent shall be at least 60%.

23 (2) On or before January 1, 1999 for Fiscal Year 1999, the Chancellor of
24 the University System of Maryland shall determine the net salary savings under this
25 Act, and the Governor, subject to the approval of the Board of Public Works, shall
26 reduce the State appropriation for the University System of Maryland by the amount
27 of such net salary savings.

28 (3) A copy of the amended appropriation for the University System of
29 Maryland shall be sent to the Governor, the Comptroller, the Secretary of Budget and
30 Management, the Department of Legislative Services, and the University System of
31 Maryland.

32 SECTION 6. AND BE IT FURTHER ENACTED, That in accordance with §
33 2-1246 of the State Government Article:

34 (1) On or before January 1, 1999, the State Retirement Agency shall
35 report to the General Assembly on the total number of State employees who have
36 elected retirement under this Act.

37 (2) On or before November 1, 1998, and in the executive budget
38 submission for Fiscal Year 2000, the University System of Maryland shall submit to
39 the Department of Budget and Management, the budget committees, and the
40 Spending Affordability Committee of the General Assembly:

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

4 (ii) a list of the positions and the salary and fringe benefits for the
5 positions that are eliminated under this Act;

6 (iii) a schedule of the total number of positions, as of June 30, 1998,
7 for the University System of Maryland administration and for each constituent
8 institution of the University System of Maryland and the number of positions that are
9 eliminated pursuant to this Act; ~~and~~

10 (iv) a list of the reductions in appropriations under this Act; and

11 (v) a list of the positions and the salary and fringe benefits for the
12 positions that are eliminated in the State budget or by budget amendment or as a
13 result of legislative action reducing the State budget on or after January 1, 1998 and
14 before September 30, 1998.

15 (3) On or before August 1, 1999, the University System of Maryland shall
16 submit to the Department of Budget and Management, the budget committees, and
17 the Spending Affordability Committee of the General Assembly a list of the positions
18 and the salary and fringe benefits for the positions to be eliminated in the State
19 budget or by budget amendment or as a result of legislative action reducing the State
20 budget after September 30, 1998 and before July 1, 1999.

21 SECTION 7. AND BE IT FURTHER ENACTED, That prior to September 15,
22 1998, the president of each constituent institution of the University System of
23 Maryland shall review the positions of those members of the Employees' Retirement
24 System or the Employees' Pension System who have elected early retirement under
25 this Act, and shall determine whether the institution's needs and mission require the
26 delay of retirement for some of these members. In the event that the president
27 determines that such delay is required, the retirement for members identified by the
28 president shall be delayed until no later than June 30, 1999. In no event shall the
29 number of persons whose retirement is delayed exceed 50% of each institution's
30 employees who are members of the Employees' Retirement System or the Employees'
31 Pension System who have elected to retire under this Act. The Chancellor of the
32 University System of Maryland shall notify the Board of Trustees by September 15,
33 1998 of those employees whose retirement date will be delayed under this section, and
34 shall provide the retirement date for those employees. The retirement date of any
35 employee whose retirement date is delayed under this section of this Act shall be on
36 the first day of a month and shall be no later than July 1, 1999.

37 SECTION 8. AND BE IT FURTHER ENACTED, That:

38 (1) If a retiree who elected the early retirement incentive pursuant to
39 this Act is reemployed in a permanent, temporary, or contractual position with the
40 State participating employer, the retiree's retirement allowance shall be reduced by
41 the amount that the sum of the retiree's annual compensation and the retiree's

1 annual basic allowance at the time of retirement, including the incentive provided by
2 this Act, exceeds the average final compensation used to compute the basic allowance.

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

7 SECTION 9. AND BE IT FURTHER ENACTED, That, for all purposes relevant
8 to this Act, the Chancellor of the University System of Maryland shall perform all
9 functions for the University System of Maryland administration, which functions are
10 performed by the president of each constituent institution of the University System of
11 Maryland for such institution.

12 SECTION 10. AND BE IT FURTHER ENACTED, That ~~for those employees:~~

13 (1) For those employees of the Medical System, as defined in Section
14 13-301(k) of the Education Article, who have been separated from employment
15 because their positions have been eliminated by the Medical System at any time on or
16 after January 1, 1998 and before July 1, 1998 1999, and who do not retire under this
17 Act, the Medical System shall pay the entire cost of health insurance premiums for
18 those employees to continue the health insurance the employees received while
19 employed by the Medical System, for a period of 12 months following the month of
20 termination, or until those former employees are covered by another employer
21 subsidized health insurance plan through another employer, whichever comes first.

22 (2) For those employees who have been separated from employment
23 because their positions have been eliminated in the State budget or by budget
24 amendment or as a result of legislative action reducing the State budget by the
25 University System of Maryland at any time on or after January 1, 1998 and before
26 July 1, 1999, and who do not retire under this Act, the University System of Maryland
27 shall pay the entire cost of health insurance premiums for those employees to continue
28 the health insurance the employees received while employed by the University System
29 of Maryland, for a period of 12 months following the month of termination, or until
30 those former employees are covered by another employer subsidized health insurance
31 plan through another employer, whichever comes first. To the extent that the costs of
32 any health insurance premiums imposed pursuant to the provisions of this paragraph
33 are charged to the University System of Maryland or its institutions, the amount of
34 those costs shall be offset against the reduction in fund appropriations relating to this
35 Act as provided in the State Budget Bill (SB 125), as enacted.

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

41 SECTION 12. AND BE IT FURTHER ENACTED, That it is the intent of the
42 General Assembly that the retirement incentive under this Act that is applicable to

1 employees of the Medical System or the University System of Maryland who are
2 separated from employment does not represent an ongoing policy of the State and is
3 a one-time offer only.

4 SECTION ~~11.~~ 13. AND BE IT FURTHER ENACTED, That general funds shall
5 be allocated to pay the administrative costs associated with this Act incurred by the
6 State Retirement Agency for members of the Employees' Retirement System or
7 Employees' Pension System whose positions are supported in whole or in part by the
8 State general funds and who retire under this Act. The University System of
9 Maryland shall be responsible for all other administrative costs incurred by the State
10 Retirement Agency in implementing this Act, including, but not limited to, the costs
11 associated with processing retirement applications, of members of the Employees'
12 Retirement System or the Employees' Pension System whose positions are not State
13 supported and who retire under this Act.

14 SECTION 14. AND BE IT FURTHER ENACTED. That an individual who
15 retires under this Act is entitled to an initial retirement allowance only as provided in
16 this Act and is not entitled to an initial retirement allowance computed as provided
17 under Chapter _____ (H.B. 987) of the Acts of the General Assembly of 1998; however,
18 any member contributions made as required under that Act shall be refunded on
19 retirement under this Act with regular interest.

20 SECTION ~~12.~~ ~~14.~~ 15. AND BE IT FURTHER ENACTED, That this Act shall
21 take effect June 1, 1998.