

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 221

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Employees’ and Teachers’ Pensions and Retirement Systems” and substitute “State Retirement and Pension System”; in line 4, strike “a retirement” and substitute “an”; in line 5, after “of” insert “, and individuals receiving a vested allowance from,”; strike beginning with the first “employees” in line 5 down through “systems” in line 6 and substitute “Employees’ Retirement System, Teachers’ Retirement System, Employees’ Pension System, Teachers’ Pension System, or Correctional Officers’ Retirement System”; in line 6, after “employers,” insert “altering certain requirements for the reemployment of certain retirees of certain retirement and pension systems in the State Retirement and Pension System;”; in line 10, after the semicolon, insert “providing for the termination of certain provisions of this Act;”; strike beginning with the first “the” in line 11 down through “systems” in line 12 and substitute “, and individuals receiving a vested allowance from, certain retirement and pension systems in the State Retirement and Pension System”; after line 12, insert:

“BY repealing and reenacting, without amendments,

Article - State Personnel and Pensions

Section 21-304

Annotated Code of Maryland

(1997 Replacement Volume and 2000 Supplement)”;

in line 15, strike “and” and substitute a comma; in the same line, after “23-407” insert “, and 25-403”; and after line 17, insert:

“BY repealing and reenacting, with amendments,

Article - State Personnel and Pensions

Section 22-406(b)(2)(vi)5. and (vii)2. and 23-407(b)(2)(iv)5. and (v)

Annotated Code of Maryland

(Over)

(1997 Replacement Volume and 2000 Supplement)  
(As enacted by Section 1 of this Act)

BY adding to

Article - State Personnel and Pensions  
Section 22-406(b)(2)(viii) and (k) and 23-407(b)(2)(vi) and (k)  
Annotated Code of Maryland  
(1997 Replacement Volume and 2000 Supplement)  
(As enacted by Section 1 of this Act)

BY repealing and reenacting, with amendments,

Chapter 353 of the Acts of the General Assembly of 1996  
Section 3

BY repealing and reenacting, with amendments,

Chapter 736 of the Acts of the General Assembly of 1997  
Section 3”.

AMENDMENT NO. 2

On page 1, after line 20, insert:

“21-304.

(a) In this section, “State member” does not include a member on whose behalf a participating governmental unit is required to make an employer contribution under § 21-305 or § 21-306 of this subtitle.

(b) (1) Each fiscal year, on behalf of the State members of each State system, the State shall pay to the appropriate accumulation fund an amount equal to or greater than the product of multiplying:

(i) the aggregate annual earnable compensation of the State members of that State system; and

(ii) the sum of the normal contribution rate and the accrued liability

contribution rate, as determined under this section.

(2) The amount determined under paragraph (1) of this subsection for each State system shall be based on an actuarial determination of the amounts that are required to preserve the integrity of the funds of the several systems using:

(i) the entry-age actuarial cost method; and

(ii) actuarial assumptions adopted by the Board of Trustees.

(3) For the purpose of making the determinations required under this section:

(i) the Employees' Retirement System and the Employees' Pension System shall be considered together as one State system; and

(ii) the Teachers' Retirement System and the Teachers' Pension System shall be considered together as one State system.

(c) (1) As part of each actuarial valuation, the actuary shall determine the normal contributions, net of member contributions, on account of the State members of each State system.

(2) For each State system, the normal contribution rate equals the fraction that has:

(i) as its numerator, the sum of the normal contributions determined under this subsection; and

(ii) as its denominator, the aggregate annual earnable compensation of the State members of the State system.

(d) (1) For each State system, the accrued liability contribution rate shall be computed as the percent of the aggregate annual earnable compensation of the State members of that State system that is sufficient to liquidate over 40 years beginning July 1, 1980, the amount, as of

(Over)

June 30, 1980, by which the total liabilities of that State system on account of State members exceeded the sum of:

(i) the assets of the accumulation fund and the annuity savings fund of that State system, other than assets to the credit of the participating governmental units; and

(ii) the present value of future normal contributions and future member contributions to that State system on behalf of or by State members.

(2) On the recommendation of the actuary, the Board of Trustees may adjust the accrued liability contribution rates to reflect, over the greater of 15 years or the time remaining to amortize the accrued liability:

(i) experience gains and losses; and

(ii) the effect of changes in actuarial assumptions.

(3) Except as provided in paragraphs (4) and (5) of this subsection, if the accrued liability is increased by legislation enacted after July 1, 1980, the additional liability shall be funded over 30 years beginning on July 1 coincident with or next following the effective date of the increase.

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

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

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

(5) If the accrued liability is increased by legislation effective July 1, 1998, that provides for changes in the method of computing the retirement allowance of members of the Employees' Pension System or the Teachers' Pension System, the additional liability shall be funded over a period of 20 years beginning on July 1, 1999.

(6) If the accrued liability is increased by legislation effective June 1, 1998, that provides for the early retirement of employees of the University System of Maryland who are members of the Employees' Pension System or the Employees' Retirement System, the additional liability shall be determined by the actuary and funded over a period of 5 years beginning on July 1, 1999 by payment of an annual accrued liability contribution by the University System of Maryland and the Medical System as provided in § 21-307(i) and (j) of this subtitle.”;

in line 25, after “if” insert a colon; and strike beginning with the second “the” in line 25 down through “receive” in line 28 and substitute:

“(1) THE INDIVIDUAL IMMEDIATELY NOTIFIES THE BOARD OF TRUSTEES OF THE INDIVIDUAL’S INTENTION TO ACCEPT THIS EMPLOYMENT;

(2) THE INDIVIDUAL SPECIFIES THE COMPENSATION TO BE RECEIVED; AND

(3) THE INDIVIDUAL:

(I) IS RECEIVING A NORMAL SERVICE RETIREMENT ALLOWANCE UNDER § 22-401 OF THIS SUBTITLE;

(II) IS RECEIVING AN EARLY SERVICE RETIREMENT ALLOWANCE UNDER § 22-402 OF THIS SUBTITLE AND HAS BEEN RETIRED FOR AT LEAST 12 MONTHS PRIOR TO BECOMING REEMPLOYED; OR

(III) IS RECEIVING A VESTED ALLOWANCE UNDER § 29-302 OF THIS ARTICLE”.

AMENDMENT NO. 3

On page 2, in line 2, strike “WHOSE CURRENT EMPLOYER IS”; in line 3, after “(I)” insert “WHOSE CURRENT EMPLOYER IS”; in line 8, strike “A” and substitute “WHOSE CURRENT EMPLOYER IS ANY”; strike beginning with “THAT” in line 8 down through “INDIVIDUAL” in line 9 and substitute “AND WHOSE EMPLOYER”; in line 12, after

(Over)

“ALLOWANCE” insert “WAS ALSO A UNIT OF STATE GOVERNMENT”; strike in their entirety lines 31 through 34, inclusive; in line 35, strike “5.” and substitute “4.”; and in the same line, strike “6” and substitute “5”.

On page 3, in line 18, strike “6.” and substitute “5.”; in line 19, strike “5” and substitute “4”; strike in their entirety lines 26 through 29, inclusive; in line 30, strike “5.” and substitute “4.”; and in line 33, strike “6.” and substitute “5.”.

On page 5, in line 12, strike the comma and substitute a colon; and strike beginning with “A” in line 12 down through “ALLOWANCE.” in line 18, and substitute:

“(1) A PARTICIPATING EMPLOYER SHALL CERTIFY TO THE STATE RETIREMENT AGENCY THAT IT IS NOT THE SAME PARTICIPATING EMPLOYER THAT EMPLOYED AN INDIVIDUAL AT THE TIME OF THE INDIVIDUAL’S LAST SEPARATION FROM EMPLOYMENT BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE; OR

(2) A UNIT OF STATE GOVERNMENT SHALL CERTIFY TO THE STATE RETIREMENT AGENCY THAT THE INDIVIDUAL WAS NOT EMPLOYED BY ANY UNIT OF STATE GOVERNMENT AT THE TIME OF THE INDIVIDUAL’S LAST SEPARATION FROM EMPLOYMENT BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE.”.

AMENDMENT NO. 4

On page 5, in line 25, strike “and”; in line 26, strike the period and substitute “; AND”; after line 26, insert:

“(3) THE INDIVIDUAL:

(I) IS RECEIVING A NORMAL SERVICE RETIREMENT ALLOWANCE UNDER § 23-401 OF THIS SUBTITLE;

(II) IS RECEIVING AN EARLY SERVICE RETIREMENT ALLOWANCE OR AN EARLY VESTED ALLOWANCE COMPUTED UNDER § 23-402 OF

THIS SUBTITLE AND HAS BEEN RECEIVING THE ALLOWANCE FOR AT LEAST 12 MONTHS PRIOR TO BECOMING REEMPLOYED; OR

(III) IS RECEIVING A VESTED ALLOWANCE UNDER § 29-303 OF THIS ARTICLE THAT BEGINS AT NORMAL RETIREMENT AGE.”;

in line 28, strike “WHOSE CURRENT EMPLOYER IS”; in line 29, after “(I)” insert “WHOSE CURRENT EMPLOYER IS”; in line 34, strike “A” and substitute “WHOSE CURRENT EMPLOYER IS ANY”; strike beginning with “THAT” in line 34 down through “INDIVIDUAL” in line 35 and substitute “AND WHOSE EMPLOYER”; and in line 38, after “ALLOWANCE” insert “WAS ALSO A UNIT OF STATE GOVERNMENT”.

On page 6, strike in their entirety lines 13 through 16, inclusive; in line 17, strike “5.” and substitute “4.”; in the same line, strike “6” and substitute “5”; in line 35, strike “6.” and substitute “5.”; and in line 36, strike “5” and substitute “4”.

On page 7, strike in their entirety lines 7 through 10, inclusive; in line 11, strike “5.” and substitute “4.”; and in line 14, strike “6.” and substitute “5.”.

On page 8, in line 25, strike the comma and substitute a colon; strike beginning with “A” in line 25 down through “ALLOWANCE.” in line 31, and substitute:

“(1) A PARTICIPATING EMPLOYER SHALL CERTIFY TO THE STATE RETIREMENT AGENCY THAT IT IS NOT THE SAME PARTICIPATING EMPLOYER THAT EMPLOYED AN INDIVIDUAL AT THE TIME OF THE INDIVIDUAL’S LAST SEPARATION FROM EMPLOYMENT BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE; OR

(2) A UNIT OF STATE GOVERNMENT SHALL CERTIFY TO THE STATE RETIREMENT AGENCY THAT THE INDIVIDUAL WAS NOT EMPLOYED BY ANY UNIT OF STATE GOVERNMENT AT THE TIME OF THE INDIVIDUAL’S LAST SEPARATION FROM EMPLOYMENT BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE.

(Over)

25-403.

(a) Subject to subsection (b) of this section, an individual who is receiving a service retirement allowance or vested allowance may accept employment with a participating employer on a permanent, temporary, or contractual basis, without any reduction in the allowance, if the individual immediately notifies the Board of Trustees:

- (1) of the individual's intention to accept the employment; and
- (2) of the compensation that the individual will receive.

(b) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHOSE CURRENT EMPLOYER IS ANY UNIT OF STATE GOVERNMENT AND WHOSE EMPLOYER AT THE TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT WITH THE STATE BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR VESTED ALLOWANCE WAS ALSO A UNIT OF STATE GOVERNMENT.

(2) This subsection does not apply to:

- (i) an individual who has been retired for more than 10 years;
- (ii) an individual whose average final compensation was less than \$10,000 and who is reemployed on a temporary or contractual basis; or
- (iii) an individual who is serving in an elected position as an official of a participating governmental unit or as a constitutional officer for a county that is a participating governmental unit.

[(2)] (3) The Board of Trustees shall reduce an individual's allowance by the amount that the sum of the individual's initial annual basic allowance and the individual's annual compensation exceeds the average final compensation used to compute the basic allowance.



(c) An individual who is receiving a service retirement allowance or a vested allowance and who is reemployed by a participating employer may not receive creditable service or eligibility service during the period of reemployment.

(d) The individual's compensation during the period of reemployment may not be subject to the employer pickup provisions of § 21-303 of this article or any reduction or deduction as a member contribution for pension or retirement purposes.

(e) The State Retirement Agency shall institute appropriate reporting procedures with the affected payroll systems to ensure compliance with this section.

(f) (1) Immediately on the employment of any individual receiving a service retirement allowance or a vested allowance, a participating employer shall notify the State Retirement Agency of the type of employment and the anticipated earnings of the individual.

(2) At least once each year, in a format specified by the State Retirement Agency, each participating employer shall provide the State Retirement Agency with a list of all employees included on any payroll of the employer, the Social Security numbers of the employees, and their earnings for that year.

(G) AT THE REQUEST OF THE STATE RETIREMENT AGENCY, A UNIT OF STATE GOVERNMENT SHALL CERTIFY TO THE STATE RETIREMENT AGENCY THAT THE INDIVIDUAL WAS NOT EMPLOYED BY ANY UNIT OF STATE GOVERNMENT AT THE TIME OF THE INDIVIDUAL'S LAST SEPARATION FROM EMPLOYMENT BEFORE THE INDIVIDUAL COMMENCED RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - State Personnel and Pensions

22-406.

(Over)

(b) (2) This subsection does not apply to:

(vi) a retiree of the Teachers' Retirement System who:

5. is not employed as a principal under item 3 of this item for more than 4 years;[or]

(vii) a retiree of the Teachers' Retirement System:

2. who is reemployed in a part-time position with the University System of Maryland; OR

(VIII) A RETIREE OF THE EMPLOYEES' RETIREMENT SYSTEM WHO IS REEMPLOYED ON A CONTRACTUAL BASIS BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE AS A HEALTH CARE PRACTITIONER, AS DEFINED IN § 1-301 OF THE HEALTH OCCUPATIONS ARTICLE, IN:

1. A STATE RESIDENTIAL CENTER AS DEFINED IN § 7-101 OF THE HEALTH - GENERAL ARTICLE;

2. A CHRONIC DISEASE CENTER SUBJECT TO TITLE 19, SUBTITLE 5 OF THE HEALTH - GENERAL ARTICLE;

3. A STATE FACILITY AS DEFINED IN § 10-101 OF THE HEALTH - GENERAL ARTICLE; OR

4. A COUNTY BOARD OF HEALTH SUBJECT TO TITLE 3, SUBTITLE 2 OF THE HEALTH - GENERAL ARTICLE.

(K) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE SHALL NOTIFY THE STATE RETIREMENT AGENCY OF ANY RETIREES WHO QUALIFY UNDER SUBSECTION (B)(2)(VIII) OF THIS SECTION.

(b) (2) This subsection does not apply to:

(iv) a retiree of the Teachers' Pension System who:

5. is not employed as a principal under item 3 of this item for more than 4 years; [or]

(v) an individual who has been retired for more than 10 years; OR

(VI) A RETIREE OF THE EMPLOYEES' PENSION SYSTEM WHO IS REEMPLOYED ON A CONTRACTUAL BASIS BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE AS A HEALTH CARE PRACTITIONER, AS DEFINED IN § 1-301 OF THE HEALTH OCCUPATIONS ARTICLE IN:

1. A STATE RESIDENTIAL CENTER AS DEFINED IN § 7-101 OF THE HEALTH - GENERAL ARTICLE;

2. A CHRONIC DISEASE CENTER SUBJECT TO TITLE 19, SUBTITLE 5 OF THE HEALTH - GENERAL ARTICLE;

3. A STATE FACILITY AS DEFINED IN § 10-101 OF THE HEALTH - GENERAL ARTICLE; OR

4. A COUNTY BOARD OF HEALTH SUBJECT TO TITLE 3, SUBTITLE 2 OF THE HEALTH - GENERAL ARTICLE.

(K) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE SHALL NOTIFY THE STATE RETIREMENT AGENCY OF ANY RETIREES WHO QUALIFY UNDER SUBSECTION (B)(2)(VI) OF THIS SECTION.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(1) THIS SECTION OF THIS ACT DOES NOT APPLY TO A RETIREE OF THE EMPLOYEES' RETIREMENT SYSTEM OR THE EMPLOYEES' PENSION SYSTEM WHO IS REEMPLOYED ON A CONTRACTUAL BASIS BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE AS A HEALTH CARE PRACTITIONER, AS DEFINED IN § 1-301 OF THE HEALTH OCCUPATIONS ARTICLE IN:

(I) A STATE RESIDENTIAL CENTER AS DEFINED IN § 7-101 OF THE HEALTH - GENERAL ARTICLE;

(II) A CHRONIC DISEASE CENTER SUBJECT TO TITLE 19, SUBTITLE 5 OF THE HEALTH - GENERAL ARTICLE;

(III) A STATE FACILITY AS DEFINED IN § 10-101 OF THE HEALTH - GENERAL ARTICLE; OR

(IV) A COUNTY BOARD OF HEALTH SUBJECT TO TITLE 3, SUBTITLE 2 OF THE HEALTH - GENERAL ARTICLE.

[(1)] (2) A retiree who retires under this Act may not become reemployed in a temporary or contractual position with the State, unless the reemployment is approved by:

(i) The Board of Public Works, for a position not in the Legislative Branch of State government; or

(ii) The President of the Senate and Speaker of the House of Delegates, for a position in the Legislative Branch of State government;

[(2)] (3) If a retiree who retires under this Act is reemployed in a permanent, temporary, or contractual position with a participating employer, in addition to any other reduction in the retiree's retirement allowance required under State law, the retiree's retirement allowance shall be reduced by the amount it exceeds the retirement allowance the retiree would otherwise have received;

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

[(4)] (5) The Board of Public Works may not approve the reemployment in a temporary or contractual position in the Executive Branch of State government of an employee who retires under this Act, if that reemployment would result in more than 2% of the retirees who retired under this Act being reemployed in a temporary or contractual position with the State;

[(5)] (6) The President of the Senate and the Speaker of the House of Delegates may not approve the reemployment in a temporary or contractual position in the Legislative Branch of State government of an employee who retires under this Act, if that reemployment would result in more than 2% of the retirees who retired under this Act being reemployed in a temporary or contractual position with the State;

[(6)] (7) The Department of Budget and Fiscal Planning shall review the applications for reemployment as contractual or temporary employees under this Act and shall advise the Board of Public Works if the reemployment of an individual will cause the 2% limit under paragraph [(3)] (4) of this section of this Act to be exceeded; and

[(7)] (8) The Department of Fiscal Services shall review the applications for reemployment as contractual or temporary employees under this Act and shall advise the President of the Senate and the Speaker of the House of Delegates if the reemployment of an individual will cause the 2% limit under paragraph [(3)] (4) of this section of this Act to be exceeded.

Chapter 736 of the Acts of 1997

SECTION 3. AND BE IT FURTHER ENACTED, That:

(1) THIS SECTION OF THIS ACT DOES NOT APPLY TO A RETIREE OF THE EMPLOYEES' RETIREMENT SYSTEM OR THE EMPLOYEES' PENSION SYSTEM WHO IS REEMPLOYED ON A CONTRACTUAL BASIS BY THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE AS A HEALTH CARE PRACTITIONER, AS DEFINED IN § 1-301

(Over)

OF THE HEALTH OCCUPATIONS ARTICLE IN:

(I) A STATE RESIDENTIAL CENTER AS DEFINED IN § 7-101 OF THE HEALTH-GENERAL ARTICLE;

(II) A CHRONIC DISEASE CENTER SUBJECT TO TITLE 19, SUBTITLE 5 OF THE HEALTH-GENERAL ARTICLE;

(III) A STATE FACILITY AS DEFINED IN § 10-101 OF THE HEALTH-GENERAL ARTICLE; OR

(IV) A COUNTY BOARD OF HEALTH SUBJECT TO TITLE 3, SUBTITLE 2 OF THE HEALTH-GENERAL ARTICLE.

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

[(2)] (3) If a retiree who retires under this Act is reemployed in a permanent, temporary, or contractual position with a participating employer, 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;

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

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

[(5)] (6) The Department of Budget and Management shall review the applications for reemployment as contractual or temporary employees under this Act and shall advise the Board of Public Works if the reemployment of an individual will cause the 2% limit under

paragraph [(3)](4) of this section of this Act to be exceeded.”;

in line 32, strike “2.” and substitute “3.”; and in line 33, after the period, insert “Section 2 of this Act shall remain effective for a period of 5 years and, at the end of June 30, 2006, with no further action required by the General Assembly, Section 2 of this Act shall be abrogated and of no further force and effect.”.