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By: **Delegates Rosenberg and Eckardt**  
Introduced and read first time: January 29, 2001  
Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **Pensions and Retirement - Reemployment of Retirees - Nurses**

3 FOR the purpose of exempting from a certain offset of a retirement allowance certain  
4 retirees of the Employees' Retirement System or the Employees' Pension System  
5 who are employed by the Department of Health and Mental Hygiene in certain  
6 hospitals; exempting from certain reemployment restrictions certain retirees of  
7 the Employees' Retirement System or the Employees' Pension System who are  
8 employed by the Department of Health and Mental Hygiene in certain hospitals;  
9 requiring the Department of Health and Mental Hygiene to provide certain  
10 information to the State Retirement Agency; providing for the termination of  
11 this Act; and generally relating to the reemployment of retirees of the  
12 Employees' Retirement System or the Employees' Pension System who serve in  
13 certain personnel positions.

14 BY repealing and reenacting, without amendments,  
15 Article - State Personnel and Pensions  
16 Section 21-304  
17 Annotated Code of Maryland  
18 (1997 Replacement Volume and 2000 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article - State Personnel and Pensions  
21 Section 22-406  
22 Annotated Code of Maryland  
23 (1997 Replacement Volume and 2000 Supplement)  
24 (As enacted by Chapter 245 of the Acts of the General Assembly of 2000)

25 BY repealing and reenacting, with amendments,  
26 Article - State Personnel and Pensions  
27 Section 23-407  
28 Annotated Code of Maryland  
29 (1997 Replacement Volume and 2000 Supplement)

1 BY repealing and reenacting, with amendments,  
2 Chapter 353 of the Acts of the General Assembly of 1996  
3 Section 3

4 BY repealing and reenacting, with amendments,  
5 Chapter 736 of the Acts of the General Assembly of 1997  
6 Section 3

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

9 **Article - State Personnel and Pensions**

10 21-304.

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

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

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

19 (ii) the sum of the normal contribution rate and the accrued  
20 liability contribution rate, as determined under this section.

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

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

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

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

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

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

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

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

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

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

7     (d)     (1)     For each State system, the accrued liability contribution rate shall be  
8 computed as the percent of the aggregate annual earnable compensation of the State  
9 members of that State system that is sufficient to liquidate over 40 years beginning  
10 July 1, 1980, the amount, as of June 30, 1980, by which the total liabilities of that  
11 State system on account of State members exceeded the sum of:

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

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

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

20                  (i)     experience gains and losses; and

21                  (ii)    the effect of changes in actuarial assumptions.

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

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

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

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

31                  (5)     If the accrued liability is increased by legislation effective July 1,  
32 1998, that provides for changes in the method of computing the retirement allowance  
33 of members of the Employees' Pension System or the Teachers' Pension System, the  
34 additional liability shall be funded over a period of 20 years beginning on July 1,  
35 1999.

1           (6)     If the accrued liability is increased by legislation effective June 1,  
2 1998, that provides for the early retirement of employees of the University System of  
3 Maryland who are members of the Employees' Pension System or the Employees'  
4 Retirement System, the additional liability shall be determined by the actuary and  
5 funded over a period of 5 years beginning on July 1, 1999 by payment of an annual  
6 accrued liability contribution by the University System of Maryland and the Medical  
7 System as provided in § 21-307(i) and (j) of this subtitle.

8 22-406.

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

14           (1)     of the individual's intention to accept the employment; and

15           (2)     of the compensation that the individual will receive.

16     (b)     (1)     This subsection does not apply to:

17           (i)     an individual who has been retired for more than 10 years;

18           (ii)    an individual whose average final compensation was less than  
19 \$10,000 and who is reemployed on a temporary or contractual basis;

20           (iii)   an individual who is serving in an elected position as an official  
21 of a participating governmental unit or as a constitutional officer for a county that is  
22 a participating governmental unit;

23           (iv)    a retiree of the Teachers' Retirement System:

24                   1.     who retired and was reemployed by a participating  
25 employer other than the State on or before September 30, 1994; and

26                   2.     whose employment compensation does not derive, in whole  
27 or in part, from State funds;

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

29                   1.     is or has been certified to teach in the State;

30                   2.     has verification of satisfactory or better performance in  
31 the last assignment prior to retirement;

32                   3.     based on the retired teacher's qualifications, has been  
33 appointed in accordance with § 4-103 of the Education Article;

34                   4.     A.     retired with a normal service retirement allowance  
35 under § 22-401 of this article; or

1 B. retired with an early service retirement allowance under §  
2 22-402 of this article and has been retired for at least 12 months;

3 5. subject to item 6 of this item is employed as:

4 A. a substitute classroom teacher or substitute teacher  
5 mentor in a public school that has been recommended for reconstitution, or has been  
6 reconstituted, by the State Board of Education, until the public school meets the  
7 standards for school performance set by the State Board of Education;

8 B. a classroom teacher or teacher mentor in a public school  
9 that has been recommended for reconstitution, or has been reconstituted, by the State  
10 Board of Education, until the public school meets the standards for school  
11 performance set by the State Board of Education;

12 C. a classroom teacher or teacher mentor in a county or  
13 subject area on a statewide basis in which the State Board of Education finds that  
14 there is a shortage of teachers, until the State Board of Education finds the shortage  
15 no longer exists in that county or subject area on a statewide basis; or

16 D. a substitute classroom teacher or substitute teacher  
17 mentor in a county or subject area on a statewide basis in which the State Board of  
18 Education finds that there is a shortage of teachers, until the State Board of  
19 Education finds the shortage no longer exists in that county or subject area on a  
20 statewide basis; and

21 6. receives verification of satisfactory or better performance  
22 each year the teacher is employed under item 5 of this item;

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

24 1. was employed as a principal within 5 years of retirement;

25 2. has verification of better than satisfactory performance in  
26 the last assignment as a principal prior to retirement;

27 3. based on the retiree's qualifications, has been hired as a  
28 principal;

29 4. A. retired with a normal service retirement allowance  
30 under § 22-401 of this subtitle; or

31 B. retired with an early service retirement allowance under §  
32 22-402 of this subtitle and has been retired for at least 12 months;

33 5. receives verification of better than satisfactory  
34 performance each year the retiree is employed as a principal under item 3 of this  
35 item; and

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

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

4 1. who retired from a board of education or local school  
5 system; and

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

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

12 1. A STATE RESIDENTIAL CENTER AS PROVIDED IN § 7-101(P)  
13 OF THE HEALTH - GENERAL ARTICLE;

14 2. A CHRONIC DISEASE CENTER AS PROVIDED IN § 19-501(C)  
15 OF THE HEALTH - GENERAL ARTICLE;

16 3. A STATE FACILITY AS PROVIDED IN § 10-101(H) OF THE  
17 HEALTH - GENERAL ARTICLE; OR

18 4. A LOCAL HEALTH DEPARTMENT AS PROVIDED IN § 3-201  
19 OF THE HEALTH - GENERAL ARTICLE.

20 (2) The Board of Trustees shall reduce an individual's allowance:

21 (i) by the amount that the sum of the individual's initial annual  
22 basic allowance and the individual's annual compensation exceeds the average final  
23 compensation used to compute the basic allowance; or

24 (ii) for a retiree who retired under the Workforce Reduction Act  
25 (Chapter 353 of the Acts of 1996), by the amount that the sum of the retiree's annual  
26 compensation and the retiree's annual basic allowance at the time of retirement,  
27 including the incentive provided by the Workforce Reduction Act, exceeds the average  
28 final compensation used to compute the basic allowance.

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

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

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

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

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

9 (g) The county boards of education shall notify the State Retirement Agency of  
10 any retired teachers who qualify under subsection (b)(1)(v) of this section or any  
11 personnel who qualify under subsection (b)(1)(vi) of this section.

12 (h) The State Board of Education shall notify the county boards of education  
13 of:

14 (1) any public school that is recommended for reconstitution or has been  
15 reconstituted;

16 (2) any public school that is no longer recommended for reconstitution or  
17 is otherwise found to meet the standards for school performance set by the State  
18 Board of Education after reconstitution or a recommendation for reconstitution;

19 (3) any county or subject area on a statewide basis in which the State  
20 Board of Education finds there is a shortage of teachers; and

21 (4) a finding that there is no longer a shortage of teachers in a county or  
22 subject area on a statewide basis.

23 (i) In addition to any regulations adopted in accordance with § 6-202 of the  
24 Education Article, the State Board of Education shall adopt regulations concerning  
25 the employment terms of retired teachers and personnel described in subsection  
26 (b)(1)(vi) of this section.

27 (J) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE SHALL NOTIFY THE  
28 STATE RETIREMENT AGENCY OF ANY RETIREES WHO QUALIFY UNDER SUBSECTION  
29 (B)(1)(VIII) OF THIS SECTION.

30 23-407.

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

35 (1) the individual immediately notifies the Board of Trustees of the  
36 individual's intention to accept this employment; and

37 (2) the individual specifies the compensation to be received.

- 1 (b) (1) This subsection does not apply to:
- 2 (i) an individual whose average final compensation was less than  
3 \$10,000 and who is reemployed on a temporary or contractual basis;
- 4 (ii) an individual who is serving in an elected position as an official  
5 of a participating governmental unit or as a constitutional officer for a county that is  
6 a participating governmental unit;
- 7 (iii) a retiree of the Teachers' Pension System who:
- 8 1. is or has been certified to teach in the State;
- 9 2. has verification of satisfactory or better performance in  
10 the last assignment prior to retirement;
- 11 3. based on the retired teacher's qualifications, has been  
12 appointed in accordance with § 4-103 of the Education Article;
- 13 4. A. retired with a normal service retirement allowance  
14 under § 23-401 of this article; or
- 15 B. retired with an early service retirement allowance under §  
16 23-402 of this article and has been retired for at least 12 months;
- 17 5. subject to item 6 of this item is employed as:
- 18 A. a substitute classroom teacher or substitute teacher  
19 mentor in a public school that has been recommended for reconstitution, or has been  
20 reconstituted, by the State Board of Education, until the public school meets the  
21 standards for school performance set by the State Board of Education;
- 22 B. a classroom teacher or teacher mentor in a public school  
23 that has been recommended for reconstitution, or has been reconstituted, by the State  
24 Board of Education, until the public school meets the standards for school  
25 performance set by the State Board of Education;
- 26 C. a classroom teacher or teacher mentor in a county or  
27 subject area on a statewide basis in which the State Board of Education finds that  
28 there is a shortage of teachers, until the State Board of Education finds the shortage  
29 no longer exists in that county or subject area on a statewide basis; or
- 30 D. a substitute classroom teacher or substitute teacher  
31 mentor in a county or subject area on a statewide basis in which the State Board of  
32 Education finds that there is a shortage of teachers, until the State Board of  
33 Education finds the shortage no longer exists in that county or subject area on a  
34 statewide basis; and
- 35 6. receives verification of satisfactory or better performance  
36 each year the teacher is employed under item 5 of this item; [or]



- 1 (iv) a retiree of the Teachers' Pension System who:
- 2 1. was employed as a principal within 5 years of retirement;
- 3 2. has verification of better than satisfactory performance in  
4 the last assignment as a principal prior to retirement;
- 5 3. based on the retiree's qualifications, has been hired as a  
6 principal;
- 7 4. A. retired with a normal service retirement allowance  
8 under § 23-401 of this subtitle; or
- 9 B. retired with an early service retirement allowance under §  
10 23-402 of this subtitle and has been retired for at least 12 months;
- 11 5. receives verification of better than satisfactory  
12 performance each year the retiree is employed as a principal under item 3 of this  
13 item; and
- 14 6. is not employed as a principal under item 3 of this item for  
15 more than 4 years; OR

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

- 20 1. A STATE RESIDENTIAL CENTER AS PROVIDED IN § 7-101(P)  
21 OF THE HEALTH - GENERAL ARTICLE;
- 22 2. A CHRONIC DISEASE CENTER AS PROVIDED IN § 19-501(C)  
23 OF THE HEALTH - GENERAL ARTICLE;
- 24 3. A STATE FACILITY AS PROVIDED IN § 10-101(H) OF THE  
25 HEALTH - GENERAL ARTICLE; OR
- 26 4. A LOCAL HEALTH DEPARTMENT AS PROVIDED IN § 3-201  
27 OF THE HEALTH - GENERAL ARTICLE.

28 (2) The Board of Trustees shall reduce an individual's allowance:

- 29 (i) by the amount that the sum of the individual's initial annual  
30 basic allowance and the individual's annual compensation exceeds the average final  
31 compensation used to compute the basic allowance; or
- 32 (ii) for a retiree who retired under the Workforce Reduction Act  
33 (Chapter 353 of the Acts of 1996), by the amount that the sum of the retiree's annual  
34 compensation and the retiree's annual basic allowance at the time of retirement,  
35 including the incentive provided by the Workforce Reduction Act, exceeds the average  
36 final compensation used to compute the basic allowance.

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

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

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

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

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

17 (g) The county boards of education shall notify the State Retirement Agency of  
18 any retired teachers who qualify under subsection (b)(1)(iii) of this section or any  
19 personnel who qualify under subsection (b)(1)(iv) of this section.

20 (h) The State Board of Education shall notify the county boards of education  
21 of:

22 (1) any public school that is recommended for reconstitution or has been  
23 reconstituted;

24 (2) any public school that is no longer recommended for reconstitution or  
25 is otherwise found to meet the standards for school performance set by the State  
26 Board of Education after reconstitution or a recommendation for reconstitution;

27 (3) any county or subject area on a statewide basis in which the State  
28 Board of Education finds there is a shortage of teachers; and

29 (4) a finding that there is no longer a shortage of teachers in a county or  
30 subject area on a statewide basis.

31 (i) In addition to any regulations adopted in accordance with § 6-202 of the  
32 Education Article, the State Board of Education shall adopt regulations concerning  
33 the employment terms of retired teachers and personnel described in subsection  
34 (b)(1)(iv) of this section.

35 (J) THE DEPARTMENT OF HEALTH AND MENTAL HYGIENE SHALL NOTIFY THE  
36 STATE RETIREMENT AGENCY OF ANY RETIREES WHO QUALIFY UNDER SUBSECTION  
37 (B)(1)(V) OF THIS SECTION.

1

**Chapter 353 of the Acts of 1996**

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

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

8 (I) A STATE RESIDENTIAL CENTER AS PROVIDED IN § 7-101(P) OF  
9 THE HEALTH - GENERAL ARTICLE;

10 (II) A CHRONIC DISEASE CENTER AS PROVIDED IN § 19-501(C) OF  
11 THE HEALTH - GENERAL ARTICLE;

12 (III) A STATE FACILITY AS PROVIDED IN § 10-101(H) OF THE HEALTH  
13 - GENERAL ARTICLE; OR

14 (IV) A LOCAL HEALTH DEPARTMENT AS PROVIDED IN § 3-201 OF  
15 THE HEALTH - GENERAL ARTICLE.

16 [(1)] (2) A retiree who retires under this Act may not become reemployed  
17 in a temporary or contractual position with the State, unless the reemployment is  
18 approved by:

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

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

23 [(2)] (3) If a retiree who retires under this Act is reemployed in a  
24 permanent, temporary, or contractual position with a participating employer, in  
25 addition to any other reduction in the retiree's retirement allowance required under  
26 State law, the retiree's retirement allowance shall be reduced by the amount it  
27 exceeds the retirement allowance the retiree would otherwise have received;

28 [(3)] (4) No more than 2% of the total number of employees retiring  
29 under this Act may be reemployed in a contractual or temporary position in any  
30 branch of State government;

31 [(4)] (5) The Board of Public Works may not approve the reemployment  
32 in a temporary or contractual position in the Executive Branch of State government of  
33 an employee who retires under this Act, if that reemployment would result in more  
34 than 2% of the retirees who retired under this Act being reemployed in a temporary or  
35 contractual position with the State;

36 [(5)] (6) The President of the Senate and the Speaker of the House of  
37 Delegates may not approve the reemployment in a temporary or contractual position



1            [(3)]    (4)        No more than 2% of the total number of employees retiring  
2 under this Act may be reemployed in a contractual or temporary position in any  
3 branch of State government;

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

8            [(5)]    (6)        The Department of Budget and Management shall review the  
9 applications for reemployment as contractual or temporary employees under this Act  
10 and shall advise the Board of Public Works if the reemployment of an individual will  
11 cause the 2% limit under paragraph [(3)] (4) of this section of this Act to be exceeded.

12        SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 July 1, 2001. It shall remain effective for a period of 3 years and, at the end of June  
14 30, 2004, with no further action required by the General Assembly, this Act shall be  
15 abrogated and of no further force and effect.