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By: **Delegates W. Baker, Cadden, Edwards, Walkup, Cane, McKee, A. Jones,  
and Rudolph**

Introduced and read first time: January 25, 2002

Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **Employees' and Teachers' Retirement and Pension Systems - Reemployment**  
3 **of Retirees**

4 FOR the purpose of exempting from a certain offset of a retirement allowance certain  
5 retirees of the Employees' Retirement System, Employees' Pension System,  
6 Teachers' Retirement System and Teachers' Pension System; repealing the  
7 requirement that the county boards of education, the State Board of Education  
8 and the Department of Health and Mental Hygiene report certain information to  
9 the State Retirement Agency; repealing the requirement that certain  
10 participating employers provide certification to the State Retirement Agency  
11 with respect to certain retirees; and generally relating to the reemployment of  
12 retirees in the Employees' Retirement System, Employees' Pension System,  
13 Teachers' Retirement System, and Teachers' Pension System.

14 BY repealing and reenacting, with amendments,  
15 Article - State Personnel and Pensions  
16 Section 22-406 and 23-407  
17 Annotated Code of Maryland  
18 (1997 Replacement Volume and 2001 Supplement)

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

21 **Article - State Personnel and Pensions**

22 22-406.

23 (a) An individual who is receiving a service retirement allowance or vested  
24 allowance may accept employment with a participating employer on a permanent,  
25 temporary, or contractual basis, if:

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

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

2 (b) (1) The Board of Trustees shall reduce the allowance of an individual  
3 who accepts employment as provided under subsection (a) of this section if:

4 (i) the individual's current employer is a participating employer  
5 other than the State and is the same participating employer that employed the  
6 individual at the time of the individual's last separation from employment with a  
7 participating employer before the individual commenced receiving a service  
8 retirement allowance or vested allowance;

9 (ii) the individual's current employer is any unit of State  
10 government and the individual's employer at the time of the individual's last  
11 separation from employment with the State before the individual commenced  
12 receiving a service retirement allowance or vested allowance was also a unit of State  
13 government; or

14 (iii)] the individual becomes reemployed within 12 months of  
15 receiving an early service retirement allowance under § 22-402 of this subtitle.

16 (2) The reduction required under paragraph (1) of this subsection shall  
17 equal:

18 (i) the amount by which the sum of the individual's initial annual  
19 basic allowance and the individual's annual compensation exceeds the average final  
20 compensation used to compute the basic allowance; or

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

26 (3) A reduction of an early service retirement allowance under  
27 [paragraph (1)(iii)] PARAGRAPH (1) of this subsection shall be applied only until the  
28 individual has received an allowance for 12 months.

29 [(4) Except for an individual whose allowance is subject to a reduction as  
30 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an  
31 allowance under this subsection does not apply to:

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

33 (ii) an individual whose average final compensation was less than  
34 \$10,000 and who is reemployed on a temporary or contractual basis;

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

- 1 (iv) a retiree of the Teachers' Retirement System:
- 2 1. who retired and was reemployed by a participating  
3 employer other than the State on or before September 30, 1994; and
- 4 2. whose employment compensation does not derive, in whole  
5 or in part, from State funds;
- 6 (v) a retiree of the Teachers' Retirement System who:
- 7 1. is or has been certified to teach in the State;
- 8 2. has verification of satisfactory or better performance in  
9 the last assignment prior to retirement;
- 10 3. based on the retired teacher's qualifications, has been  
11 appointed in accordance with § 4-103 of the Education Article;
- 12 4. subject to item 5 of this item is employed as:
- 13 A. a substitute classroom teacher or substitute teacher  
14 mentor in a public school that has been recommended for reconstitution, or has been  
15 reconstituted, by the State Board of Education, until the public school meets the  
16 standards for school performance set by the State Board of Education;
- 17 B. a classroom teacher or teacher mentor in a public school  
18 that has been recommended for reconstitution, or has been reconstituted, by the State  
19 Board of Education, until the public school meets the standards for school  
20 performance set by the State Board of Education;
- 21 C. a classroom teacher or teacher mentor in a county or  
22 subject area on a statewide basis in which the State Board of Education finds that  
23 there is a shortage of teachers, until the State Board of Education finds the shortage  
24 no longer exists in that county or subject area on a statewide basis; or
- 25 D. a substitute classroom teacher or substitute teacher  
26 mentor in a county or subject area on a statewide basis in which the State Board of  
27 Education finds that there is a shortage of teachers, until the State Board of  
28 Education finds the shortage no longer exists in that county or subject area on a  
29 statewide basis; and
- 30 5. receives verification of satisfactory or better performance  
31 each year the teacher is employed under item 4 of this item;
- 32 (vi) a retiree of the Teachers' Retirement System who:
- 33 1. A. was employed as a principal within 5 years of  
34 retirement; or

1 B. was employed as a principal not more than 10 years before  
2 retirement and was employed in a position supervising principals in the retiree's last  
3 assignment prior to retirement;

4 2. has verification of better than satisfactory performance for  
5 each year as a principal and, if applicable, in a position supervising principals prior to  
6 retirement;

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

9 4. receives verification of better than satisfactory  
10 performance each year the retiree is employed as a principal under item 3 of this  
11 item; and

12 5. is not employed as a principal under item 3 of this item for  
13 more than 4 years;

14 (vii) a former employee of the Domestic Relations Division of Anne  
15 Arundel County Circuit Court who transfers into the State Employees' Personnel  
16 System under § 2-510 of the Courts Article; or

17 (viii) a retiree of the Employees' Retirement System who is  
18 reemployed on a contractual basis by the Department of Health and Mental Hygiene  
19 as a health care practitioner, as defined in § 1-301 of the Health Occupations Article,  
20 in:

21 1. a State residential center as defined in § 7-101 of the  
22 Health - General Article;

23 2. a chronic disease center subject to Title 19, Subtitle 5 of  
24 the Health - General Article;

25 3. a State facility as defined in § 10-101 of the Health -  
26 General Article; or

27 4. a county board of health subject to Title 3, Subtitle 2 of the  
28 Health - General Article.]

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)(4)(v) of this section or any  
11 personnel who qualify under subsection (b)(4)(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)(4)(vi) of this section.

27 (j) If the retiree's last assignment prior to retirement was in a position  
28 directly supervising principals as provided under subsection (b)(4)(vi) of this section,  
29 the county boards of education shall verify for the State Retirement Agency the  
30 retiree's employment as a supervisor and a principal.

31 (k) At the request of the State Retirement Agency:

32 (1) a participating employer shall certify to the State Retirement Agency  
33 that it is not the same participating employer that employed an individual at the time  
34 of the individual's last separation from employment before the individual commenced  
35 receiving a service retirement allowance or a vested allowance; or

36 (2) a unit of State government shall certify to the State Retirement  
37 Agency that the individual was not employed by any unit of State government at the

1 time of the individual's last separation from employment before the individual  
2 commenced receiving a service retirement allowance or a vested allowance.

3 (1) The Department of Health and Mental Hygiene shall notify the State  
4 Retirement Agency of any retirees who qualify under subsection (b)(4)(viii) of this  
5 section.]

6 23-407.

7 (a) An individual who is receiving a service retirement allowance or a vested  
8 allowance may accept employment with a participating employer on a permanent,  
9 temporary, or contractual basis, if:

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

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

13 (b) (1) The Board of Trustees shall reduce the allowance of an individual  
14 who accepts employment as provided under subsection (a) of this section if[:

15 (i) the individual's current employer is a participating employer  
16 other than the State and is the same participating employer that employed the  
17 individual at the time of the individual's last separation from employment with a  
18 participating employer before the individual commenced receiving a service  
19 retirement allowance or vested allowance;

20 (ii) the individual's current employer is any unit of State  
21 government and the individual's employer at the time of the individual's last  
22 separation from employment with the State before the individual commenced  
23 receiving a service retirement allowance or vested allowance was also a unit of State  
24 government; or

25 (iii)] the individual becomes reemployed within 12 months of  
26 receiving an early service retirement allowance or an early vested allowance  
27 computed under § 23-402 of this subtitle.

28 (2) The reduction required under paragraph (1) of this subsection shall  
29 equal:

30 (i) the amount by which the sum of the individual's initial annual  
31 basic allowance and the individual's annual compensation exceeds the average final  
32 compensation used to compute the basic allowance; or

33 (ii) for a retiree who retired under the Workforce Reduction Act  
34 (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual  
35 compensation and the retiree's annual basic allowance at the time of retirement,  
36 including the incentive provided by the Workforce Reduction Act, exceeds the average  
37 final compensation used to compute the basic allowance.

1           (3)     A reduction of an early service retirement allowance or an early  
2 vested allowance under [paragraph (1)(iii)] PARAGRAPH (1) of this subsection shall be  
3 applied only until the individual has received an allowance for 12 months.

4           [(4)     Except for an individual whose allowance is subject to a reduction as  
5 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an  
6 allowance under this subsection does not apply to:

7                   (i)     an individual whose average final compensation was less than  
8 \$10,000 and who is reemployed on a temporary or contractual basis;

9                   (ii)    an individual who is serving in an elected position as an official  
10 of a participating governmental unit or as a constitutional officer for a county that is  
11 a participating governmental unit;

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

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

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

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

18                           4.     subject to item 5 of this item is employed as:

19                                   A.     a substitute classroom teacher or substitute teacher  
20 mentor in a public school that has been recommended for reconstitution, or has been  
21 reconstituted, by the State Board of Education, until the public school meets the  
22 standards for school performance set by the State Board of Education;

23                                   B.     a classroom teacher or teacher mentor in a public school  
24 that has been recommended for reconstitution, or has been reconstituted, by the State  
25 Board of Education, until the public school meets the standards for school  
26 performance set by the State Board of Education;

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

31                                   D.     a substitute classroom teacher or substitute teacher  
32 mentor in a county or subject area on a statewide basis in which the State Board of  
33 Education finds that there is a shortage of teachers, until the State Board of  
34 Education finds the shortage no longer exists in that county or subject area on a  
35 statewide basis; and

36                           5.     receives verification of satisfactory or better performance  
37 each year the teacher is employed under item 4 of this item;

- 1 (iv) a retiree of the Teachers' Pension System who:
- 2 1. A. was employed as a principal within 5 years of  
3 retirement; or
- 4 B. was employed as a principal not more than 10 years before  
5 retirement and was employed in a position supervising principals in the retiree's last  
6 assignment prior to retirement;
- 7 2. has verification of better than satisfactory performance for  
8 each year as a principal and, if applicable, in a position supervising principals prior to  
9 retirement;
- 10 3. based on the retiree's qualifications, has been hired as a  
11 principal;
- 12 4. receives verification of better than satisfactory  
13 performance each year the retiree is employed as a principal under item 3 of this  
14 item; and
- 15 5. is not employed as a principal under item 3 of this item for  
16 more than 4 years;
- 17 (v) an individual who has been retired for more than 10 years; or
- 18 (vi) a retiree of the Employees' Pension System who is reemployed  
19 on a contractual basis by the Department of Health and Mental Hygiene as a health  
20 care practitioner, as defined in § 1-301 of the Health Occupations Article in:
- 21 1. a State residential center as defined in § 7-101 of the  
22 Health - General Article;
- 23 2. a chronic disease center subject to Title 19, Subtitle 5 of  
24 the Health - General Article;
- 25 3. a State facility as defined in § 10-101 of the Health -  
26 General Article; or
- 27 4. a county board of health subject to Title 3, Subtitle 2 of the  
28 Health - General Article.]
- 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)(4)(iii) of this section or any  
11 personnel who qualify under subsection (b)(4)(iv) 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)(4)(iv) of this section.

27 (j) If the retiree's last assignment prior to retirement was in a position  
28 directly supervising principals as provided under subsection (b)(4)(iv) of this section,  
29 the county boards of education shall verify for the State Retirement Agency the  
30 retiree's employment as a supervisor and a principal.

31 (k) At the request of the State Retirement Agency:

32 (1) a participating employer shall certify to the State Retirement Agency  
33 that it is not the same participating employer that employed an individual at the time  
34 of the individual's last separation from employment before the individual commenced  
35 receiving a service retirement allowance or a vested allowance; or

36 (2) a unit of State government shall certify to the State Retirement  
37 Agency that the individual was not employed by any unit of State government at the

1 time of the individual's last separation from employment before the individual  
2 commenced receiving a service retirement allowance or a vested allowance.

3 (l) The Department of Health and Mental Hygiene shall notify the State  
4 Retirement Agency of any retirees who qualify under subsection (b)(4)(vi) of this  
5 section.]

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 July 1, 2002.