

HOUSE BILL 55

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HB 949/03 - APP

2004 Regular Session
4r0931

(PRE-FILED)

By: **Delegate Sossi**

Requested: November 13, 2003

Introduced and read first time: January 14, 2004

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of exempting from a certain offset of a retirement allowance certain
4 retirees of the Employees' Retirement System, Employees' Pension System,
5 Teachers' Retirement System, or Teachers' Pension System who retired with a
6 certain number of years of service credit and are reemployed by a participating
7 employer of the State; and generally relating to the reemployment of retirees of
8 the Employees' Retirement System, Employees' Pension System, Teachers'
9 Retirement System, or Teachers' Pension System.

10 BY repealing and reenacting, with amendments,
11 Article - State Personnel and Pensions
12 Section 22-406 and 23-407
13 Annotated Code of Maryland
14 (1997 Replacement Volume and 2003 Supplement)

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

17 **Article - State Personnel and Pensions**

18 22-406.

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

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

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

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

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

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

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

13 (2) The reduction required under paragraph (1) of this subsection shall
14 equal:

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

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

23 (3) A reduction of an early service retirement allowance under paragraph
24 (1)(iii) of this subsection shall be applied only until the individual has received an
25 allowance for 12 months.

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

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

30 (ii) an individual whose average final compensation was less than
31 \$10,000 and who is reemployed on a temporary or contractual basis;

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

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

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

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) of this subsection shall be applied only until
3 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; OR
- 29 (VII) A RETIREE OF THE EMPLOYEES' PENSION SYSTEM OR THE
30 TEACHERS' PENSION SYSTEM WHO RETIRED UNDER § 23-404 OF THIS SUBTITLE.

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

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

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

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

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

11 (g) The county boards of education shall notify the State Retirement Agency of
12 any retired teachers who qualify under subsection (b)(4)(iii) of this section or any
13 personnel who qualify under subsection (b)(4)(iv) of this section.

14 (h) The State Board of Education shall notify the county boards of education
15 of:

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

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

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

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

25 (i) In addition to any regulations adopted in accordance with § 6-202 of the
26 Education Article, the State Board of Education shall adopt regulations concerning
27 the employment terms of retired teachers and personnel described in subsection
28 (b)(4)(iv) of this section.

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

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

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

1 (2) a unit of State government shall certify to the State Retirement
2 Agency that the individual was not employed by any unit of State government at the
3 time of the individual's last separation from employment before the individual
4 commenced receiving a service retirement allowance or a vested allowance.

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

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
9 effect July 1, 2004.