

BY: Appropriations Committee

AMENDMENTS TO SENATE BILL NO. 1019
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, strike in its entirety line 2 and substitute “State Employees’ and Teachers’ Retirement Enhancement Benefit Act of 2006”; strike beginning with “providing” in line 5 down through “teachers” in line 18 and substitute “altering a certain exemption from a certain offset of a retirement allowance for certain retirees of the Teachers’ Retirement System and Teachers’ Pension System; altering the number of years that certain retirees of the Teachers’ Retirement System and Teachers’ Pension System may be reemployed under certain circumstances; providing for a modified contributory pension benefit for certain members of the Employees’ Pension System and the Teachers’ Pension System; providing for the member contribution rate and benefits for certain members of the Employees’ Pension System and the Teachers’ Pension System under a certain modified contributory pension benefit; authorizing certain governmental units that participate in the Employees’ Pension System to elect to participate in the modified contributory pension benefit under this Act; providing that the election by a participating governmental unit to participate is irrevocable; providing for a certain purchase of service credit by certain employees of participating governmental units that elect to participate in the modified contributory pension benefit under this Act; requiring the Joint Committee on Pensions to commission a certain experience study by an actuarial consulting firm on or before a certain date and periodically thereafter; requiring that the findings of the actuarial consulting firm be submitted to the Joint Commission on Pensions on or before a certain date of certain years; requiring the State actuary to prepare a certain evaluation on or before a certain date; requiring that certain members of the Employees’ Pension System or Teachers’ Pension System receive a refund of certain member contributions plus regular interest under certain circumstances; making a technical correction; providing for the termination of certain provisions of this Act; providing for a delayed effective date for certain provisions of this Act; and generally relating to enhancements and modifications to pension and retirement benefits for certain members of the Employees’ Pension System and Teachers’ Pension System”.

On pages 1 and 2, strike in their entirety the lines beginning with line 19 on page 1 through

(Over)

line 8 on page 2, inclusive, and substitute:

“BY repealing and reenacting, without amendments,

Article - State Personnel and Pensions

Section 22-406(a) and (b) and 23-407(a) and (b)

Annotated Code of Maryland

(2004 Replacement Volume and 2005 Supplement)

BY repealing and reenacting, with amendments,

Article - State Personnel and Pensions

Section 22-406(c), 23-212, 23-217, 23-401, 23-407(c), and 31-112

Annotated Code of Maryland

(2004 Replacement Volume and 2005 Supplement)

BY adding to

Article - State Personnel and Pensions

Section 21-125.1; 23-221 and 23-222 to be under the new part “Part III. Modified
Contributory Pension Benefit”; 23-307.5, and 31-116.1

Annotated Code of Maryland

(2004 Replacement Volume and 2005 Supplement)”.

AMENDMENT NO. 2

On page 2, strike in their entirety lines 12 through 27, inclusive.

AMENDMENT NO. 3

On page 2, after line 27, insert:

“23-212.

(a) Except as [provided in subsection (b) of] OTHERWISE PROVIDED IN this section, a member’s contribution rate is 5% of the part of the member’s earnable compensation that exceeds the taxable wage base for each year.

(b) The contribution rate of a member who is subject to the contributory pension benefit under Part II of this subtitle is 2% of the member’s earnable compensation.

(C) (1) THIS SUBSECTION DOES NOT APPLY TO:
(I) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT
PARTICIPATING IN THE EMPLOYEES’ PENSION SYSTEM THAT HAS NOT ELECTED TO

PARTICIPATE IN THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER § 31-116.1 OF THIS ARTICLE OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN FROM THE EMPLOYEES' PENSION SYSTEM; OR

(II) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO TRANSFERRED FROM THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998.

(2) THE CONTRIBUTION RATE OF A MEMBER OF THE EMPLOYEES' PENSION SYSTEM IS:

(I) 2.7% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM JULY 1, 2006 TO JUNE 30, 2007, BOTH INCLUSIVE;

(II) 3.4% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM JULY 1, 2007 TO JUNE 30, 2008, BOTH INCLUSIVE;

(III) 4.1% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM JULY 1, 2008 TO JUNE 30, 2009, BOTH INCLUSIVE;

(IV) 4.8% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM JULY 1, 2009 TO JUNE 30, 2010, BOTH INCLUSIVE; AND

(V) 5.5% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED ON OR AFTER JULY 1, 2010.

(3) THE CONTRIBUTION RATE OF A MEMBER OF THE TEACHERS' PENSION SYSTEM IS 5.5% OF THE MEMBER'S EARNABLE COMPENSATION.

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

(Over)

Article - State Personnel and Pensions".

AMENDMENT NO. 4

On page 2, before line 28, insert:

"21-125.1.

(A) BEGINNING ON OR BEFORE SEPTEMBER 1, 2008, AND EVERY 5 YEARS THEREAFTER, THE JOINT COMMITTEE ON PENSIONS SHALL COMMISSION AN ACTUARIAL CONSULTING FIRM TO CONDUCT AN EXPERIENCE STUDY OF THE SEVERAL SYSTEMS IN ADDITION TO THE ACTUARIAL INVESTIGATION AND VALUATION PERFORMED BY THE ACTUARY UNDER § 21-125 OF THIS SUBTITLE AND A COMPARISON OF THE SEVERAL SYSTEMS WITH OTHER SIMILARLY SITUATED PUBLIC PENSION PLANS.

(B) THE ACTUARIAL CONSULTING FIRM SHALL CONSIDER THE FOLLOWING ISSUES WITH REGARD TO THE SEVERAL SYSTEMS AND OTHER SIMILARLY SITUATED PUBLIC PENSION PLANS:

(1) THE FUNDING STATUS OF THE STATE RETIREMENT AND PENSION SYSTEM, INCLUDING ITS CURRENT UNFUNDED ACCRUED LIABILITY;

(2) THE COMPOSITION OF THE SEVERAL SYSTEMS, INCLUDING:

(I) THE NUMBER OF ACTIVE MEMBERS, RETIREES, DISABILITY RETIREES, AND BENEFICIARIES OF ALL RETIREES;

(II) THE AVERAGE ANNUAL SALARIES OF THE ACTIVE MEMBERS IN THE VARIOUS PLANS IN THE STATE RETIREMENT AND PENSION SYSTEM;

(III) THE AVERAGE ANNUAL BENEFITS OF THE RETIREES AND BENEFICIARIES OF THE STATE RETIREMENT AND PENSION SYSTEM; AND

(IV) THE AVERAGE AGE AND YEARS OF SERVICE OF ACTIVE MEMBERS RETIRING FROM THE VARIOUS PLANS IN THE STATE RETIREMENT AND

PENSION SYSTEM; AND

(3) THE BENEFIT LEVELS PROVIDED BY THE VARIOUS STATE SYSTEMS, INCLUDING A COMPARISON OF MEMBER CONTRIBUTION RATES AND THE ACCRUAL RATES.

(C) THE FINDINGS OF THE ACTUARIAL CONSULTING FIRM SHALL BE SUBMITTED TO THE JOINT COMMITTEE ON PENSIONS ON OR BEFORE DECEMBER 31 OF THE YEAR OF STUDY, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE.

22-406.

(a) In this section, “area of critical shortage” means an academic field identified by the State Department of Education in accordance with the provisions of § 18-703(g)(1) of the Education Article as having projected employment vacancies that substantially exceed projected qualified graduates.

(b) Except as provided in subsection (m) 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, if:

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

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

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

(i) the individual’s current employer is a participating employer other than the State and is the same participating employer that employed the individual at the time of the individual’s last separation from employment with a participating employer before the individual

(Over)

commenced receiving a service retirement allowance or vested allowance;

(ii) the individual's current employer is any unit of State government and the individual's 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; or

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

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

(i) the amount by which 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; or

(ii) for a retiree who retired under the Workforce Reduction Act (Chapter 353 of the Acts of 1996), the amount by which 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 the Workforce Reduction Act, exceeds the average final compensation used to compute the basic allowance.

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

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

(i) an individual who has been retired for 9 years, beginning on January 1 after the date the individual retires;

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

(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;

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

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

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

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

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

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

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

4. receives verification of satisfactory or better performance each year the teacher is employed under paragraph (5) of this subsection;

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

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

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

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

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

4. receives verification of satisfactory performance each year the retiree is employed as a principal under paragraph (6) of this subsection;

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

(viii) a retiree of the Employees' Retirement System who is reemployed on a contractual basis for not more than 4 years 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 local health department subject to Title 3, Subtitle 2 of the Health - General Article.

(5) [(i)] An individual who is rehired under paragraph (4)(v) of this subsection shall be employed as a classroom teacher, substitute classroom teacher, or teacher mentor:

(I) in a public school that:

1. is not making adequate yearly progress or is a school in need of improvement as defined under the federal No Child Left Behind Act of 2001 and as implemented by the State Department of Education;

2. is receiving funds under Title 1 of the federal No Child Left Behind Act of 2001; or

3. provides an alternative education program for adjudicated youths or students who have been expelled, suspended, or identified for suspension or expulsion from a public school[.]; OR

(ii) [An individual rehired at a school described under subparagraph (i) of this paragraph shall teach:] WHO:

1. TEACHES in an area of critical shortage;

2. TEACHES a special education class for students with special needs; or

3. TEACHES a class for students with limited English proficiency.

(6) An individual who is rehired under paragraph (4)(vi) of this subsection shall be employed as a principal at a public school that:

(i) is not making adequate yearly progress or is a school in need of improvement as defined under the federal No Child Left Behind Act of 2001 and as implemented by the State Department of Education;

(ii) is receiving funds under Title 1 of the federal No Child Left Behind Act of 2001; or

(iii) provides an alternative education program for adjudicated youths or students who have been expelled, suspended, or identified for suspension or expulsion from a public

school.

(7) (I) [An] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN individual who is reemployed under paragraph (4)(v) or (vi) of this subsection MAY NOT BE REEMPLOYED FOR MORE THAN 5 CONSECUTIVE YEARS.

(II) AN INDIVIDUAL WHO IS REEMPLOYED UNDER PARAGRAPH (4)(V) OR (VI) OF THIS SUBSECTION at a school described under paragraph (5) or (6) of this subsection may not continue that reemployment after the school makes adequate yearly progress for [4] 5 consecutive years.

(8) (i) Notwithstanding paragraph (5) of this subsection, each superintendent of a local school system may rehire an additional number of individuals described under paragraph (4)(v) of this subsection equal to the greater of:

1. three; or
2. 0.1% of the total full-time equivalent instructional teachers employed by that local school system, rounded up to the nearest whole number not to exceed 10, as reported annually by the State Department of Education.

(ii) At any one time, the total number of individuals rehired by a superintendent of a local school system under this paragraph may not exceed the number determined under subparagraph (i) of this paragraph.

[(iii) An individual rehired under this paragraph:

1. shall be reemployed at a school specified in paragraph (5)(i) of this subsection; and
2. may teach any subject or class or provide educational services assigned by the individual's superintendent.]

(9) (i) The superintendent of the local school system rehiring an individual under paragraph (4)(v) or (vi) of this subsection shall:

1. approve the rehiring of that individual; and
2. determine the school where the individual is to be reemployed.

(ii) Within 30 days after rehiring an individual, the superintendent of a local school system shall complete and file with the Board of Trustees and the State Department of Education a form provided by the Board of Trustees that certifies that the individual rehired by the local school system under paragraph (4)(v) or (vi) of this subsection:

1. satisfied the criteria provided in paragraph (4)(v) or (vi) of this subsection; AND

2. A. was reemployed at a school described under paragraph (5)(i) or (6) of this subsection; [and

3. if rehired under paragraph (4)(v) of this subsection, was:

A.] B. WAS REEMPLOYED teaching in an area specified in paragraph (5)(ii) of this subsection; or

[B.] C. [teaching in any class or subject or providing educational services] WAS REEMPLOYED as provided under paragraph (8) of this subsection.

(iii) 1. On or before April 1 of each year, the Board of Trustees and the State Department of Education shall jointly review any forms filed by a superintendent of a local school system under subparagraph (ii) of this paragraph during the previous calendar year.

2. If the Board of Trustees and the State Department of Education agree that a superintendent of a local school system has rehired an individual that does not satisfy the criteria provided in paragraph (4)(v) or (vi) and (5), (6), or (8) of this subsection:

A. on or before July 1 of the year of the finding, the Board of Trustees shall notify the superintendent of the local school system of this individual; and

(Over)

B. the local school system shall reimburse the Board of Trustees the amount equal to the reduction to the individual's retirement allowance that would have been made in paragraph (2) of this subsection.

(iv) The local school system shall make the reimbursement on or before December 31 of the year the local school system receives notice from the Board of Trustees under subparagraph (iii)2A of this paragraph.

(10) On or before August 1 of each year, the local superintendent shall report to the State Department of Education for the previous school year:

(i) the number of individuals rehired under paragraph (4)(v) or (vi) or (8) of this subsection;

(ii) 1. the school and school system where each individual was rehired; and

2. whether the school:

A. was not making adequate yearly progress or was a school in need of improvement as defined under the federal No Child Left Behind Act of 2001 and as implemented by the State Department of Education;

B. was receiving funds under Title 1 of the federal No Child Left Behind Act of 2001; or

C. provided an alternative education program for adjudicated youths or students who have been expelled, suspended, or identified for suspension or expulsion from a public school;

(iii) the original date of rehire for each individual;

(iv) the subject matter taught by each individual; and

(v) the annual salary of each individual.”.

AMENDMENT NO. 5

On pages 2 through 5, strike in their entirety the lines beginning with line 28 on page 2 through line 33 on page 5, inclusive, and substitute:

“23-307.5.

(A) THIS SECTION APPLIES ONLY TO A FORMER MEMBER, MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF THE EMPLOYEES’ PENSION SYSTEM WHO, WHILE A MEMBER, WAS AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT ELECTED THE MODIFIED CONTRIBUTORY PENSION BENEFIT FOR ITS EMPLOYEES UNDER § 31-116.1 OF THIS ARTICLE.

(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A MEMBER WHO IS SUBJECT TO THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART III OF THIS TITLE MAY PURCHASE CREDIT FOR ELIGIBILITY SERVICE FOR THE PERIOD OF EMPLOYMENT FROM JULY 1, 2006, THROUGH THE EFFECTIVE DATE OF ELECTION OF THE MEMBER’S PARTICIPATING EMPLOYER, BY PAYING TO THE BOARD OF TRUSTEES:

(1) ON OR BEFORE JUNE 30, 2007, THE AMOUNT THE MEMBER WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF EMPLOYMENT; OR

(2) ON OR AFTER JULY 1, 2007, THE AMOUNT THE MEMBER WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF EMPLOYMENT PLUS REGULAR INTEREST COMPOUNDED ANNUALLY.

(C) IF THE MEMBER FAILS TO MAKE THE PAYMENT AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION, THE BOARD OF TRUSTEES SHALL REDUCE ACTUARIALLY THE ALLOWANCE PAYABLE TO A FORMER MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR RETIREE.”.

(Over)

AMENDMENT NO. 6

On page 5, after line 33, insert:

“23-407.

(a) In this section, “area of critical shortage” means an academic field identified by the State Department of Education in accordance with the provisions of § 18-703(g)(1) of the Education Article as having projected employment vacancies that substantially exceed projected qualified graduates.

(b) Except as provided in subsection (m) of this section, an individual who is receiving a service retirement allowance or a vested allowance may accept employment with a participating employer on a permanent, temporary, or contractual basis, if:

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

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

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

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

(ii) the individual’s current employer is any unit of State government and the individual’s 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; or

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

subtitle.

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

(i) the amount by which 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; or

(ii) for a retiree who retired under the Workforce Reduction Act (Chapter 353 of the Acts of 1996), the amount by which 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 the Workforce Reduction Act, exceeds the average final compensation used to compute the basic allowance.

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

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

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

(ii) 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;

(iii) an individual who has been retired for 9 years, beginning on January 1 after the date the individual retires;

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

(Over)

1. is or has been certified to teach in the State;
2. has verification of satisfactory or better performance in the last assignment prior to retirement;
3. based on the retired teacher's qualifications, has been appointed in accordance with § 4-103 of the Education Article; and
4. receives verification of satisfactory or better performance each year the teacher is employed under paragraph (5) of this subsection;

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

1. A. was employed as a principal within 5 years of retirement; or
 - B. was employed as a principal not more than 10 years before retirement and was employed in a position supervising principals in the retiree's last assignment prior to retirement;
2. has verification of satisfactory performance for each year as a principal and, if applicable, in a position supervising principals prior to retirement;
3. based on the retiree's qualifications, has been hired as a principal; and
4. receives verification of satisfactory performance each year the retiree is employed as a principal under paragraph (6) of this subsection; or

(vi) a retiree of the Employees' Pension System who is reemployed on a contractual basis for not more than 4 years 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 local health department subject to Title 3, Subtitle 2 of the Health - General Article.

(5) [(i)] An individual who is rehired under paragraph (4)(iv) of this subsection shall be employed as a classroom teacher, substitute classroom teacher, or teacher mentor:

(I) in a public school that:

1. is not making adequate yearly progress or is a school in need of improvement as defined under the federal No Child Left Behind Act of 2001 and as implemented by the State Department of Education;
2. is receiving funds under Title 1 of the federal No Child Left Behind Act of 2001; or
3. provides an alternative education program for adjudicated youths or students who have been expelled, suspended, or identified for suspension or expulsion from a public school[.]; OR

(ii) [An individual rehired at a school described under subparagraph (i) of this paragraph shall teach:] WHO:

1. TEACHES in an area of critical shortage;
2. TEACHES a special education class for students with special needs; or

(Over)

3. TEACHES a class for students with limited English proficiency.

(6) An individual who is rehired under paragraph (4)(v) of this subsection shall be employed as a principal at a public school that:

(i) is not making adequate yearly progress or is a school in need of improvement as defined under the federal No Child Left Behind Act of 2001 and as implemented by the State Department of Education;

(ii) is receiving funds under Title 1 of the federal No Child Left Behind Act of 2001; or

(iii) provides an alternative education program for adjudicated youths or students who have been expelled, suspended, or identified for suspension or expulsion from a public school.

(7) (I) [An] EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN individual who is reemployed under paragraph (4)(iv) or (v) of this subsection MAY NOT BE REEMPLOYED FOR MORE THAN 5 CONSECUTIVE YEARS.

(II) AN INDIVIDUAL WHO IS REEMPLOYED UNDER PARAGRAPH (4)(IV) OR (V) OF THIS SUBSECTION at a school described under paragraph (5) or (6) of this subsection may not continue that reemployment after the school makes adequate yearly progress for [4] 5 consecutive years.

(8) (i) Notwithstanding paragraph (5) of this subsection, each superintendent of a local school system may rehire an additional number of individuals described under paragraph (4)(v) (IV) of this subsection equal to the greater of:

1. three; or

2. 0.1% of the total full-time equivalent instructional teachers employed by that local school system, rounded up to the nearest whole number not to exceed 10, as

reported annually by the State Department of Education.

(ii) At any one time, the total number of individuals rehired by a superintendent of a local school system under this paragraph may not exceed the number determined under subparagraph (i) of this paragraph.

[(iii) An individual rehired under this paragraph:

1. shall be reemployed at a school specified in paragraph (5)(i) of this subsection; and

2. may teach any subject or class or provide educational services assigned by the individual's superintendent.]

(9) (i) The superintendent of the local school system rehiring an individual under paragraph (4)(iv) or (v) of this subsection shall:

1. approve the rehiring of that individual; and

2. determine the school where the individual is to be reemployed.

(ii) Within 30 days after rehiring an individual, the superintendent of a local school system shall complete and file with the Board of Trustees and the State Department of Education a form provided by the Board of Trustees that certifies that the individual rehired by the local school system under paragraph (4)(v) or (vi) of this subsection:

1. satisfied the criteria provided in paragraph (4)(iv) or (v) of this subsection;

2. A. was reemployed at a school described under paragraph (5)(i) or (6) of this subsection; [and

3. if rehired under paragraph (4)(iv) of this subsection, was:

(Over)

A.] B. WAS REEMPLOYED teaching in an area specified in paragraph (5)(ii) of this subsection; or

[B.] C. [teaching in any class or subject or providing educational services] WAS REEMPLOYED as provided under paragraph (8) of this subsection.

(iii) 1. On or before April 1 of each year, the Board of Trustees and the State Department of Education shall jointly review any forms filed by a superintendent of a local school system under subparagraph (ii) of this paragraph.

2. If the Board of Trustees and the State Department of Education agree that a superintendent of a local school system has rehired an individual that does not satisfy the criteria provided in paragraph (4)(iv) or (v) and (5), (6), or (8) of this subsection:

A. on or before July 1 of the year of the finding, the Board of Trustees shall notify the superintendent of the local school system of this individual; and

B. the local school system shall reimburse the Board of Trustees the amount equal to the reduction to the individual's retirement allowance that would have been made in paragraph (2) of this subsection.

(iv) The local school system shall make the reimbursement on or before December 31 of the year the local school system receives notice from the Board of Trustees under subparagraph (iii)2A of this paragraph.

(10) On or before August 1 of each year, the local superintendent shall report to the State Department of Education for the previous school year:

(i) the number of individuals rehired under paragraph (4)(iv) or (v) or (8) of this subsection;

(ii) 1. the school and school system where each individual was rehired; and

2. whether the school:

A. was not making adequate yearly progress or was a school in need of improvement as defined under the federal No Child Left Behind Act of 2001 and as implemented by the State Department of Education;

B. was receiving funds under Title 1 of the federal No Child Left Behind Act of 2001; or

C. provided an alternative education program for adjudicated youths or students who have been expelled, suspended, or identified for suspension or expulsion from a public school;

(iii) the original date of rehire for each individual;

(iv) the subject matter taught by each individual; and

(v) the annual salary of each individual.”.

AMENDMENT NO. 7

On pages 5 and 6, strike in their entirety the lines beginning with line 34 on page 5 through line 12 on page 6, inclusive, and substitute:

“31-116.1.

(A) ON OR BEFORE DECEMBER 31, 2006, A PARTICIPATING GOVERNMENTAL UNIT MAY ELECT TO PROVIDE ITS EMPLOYEES WITH THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE AS ENACTED BY CHAPTER ____ (H.B. 1737), § 3 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2006 BY SUBMITTING ITS ELECTION ON A FORM PROVIDED BY THE STATE RETIREMENT AGENCY.

(B) AN ELECTION BY A PARTICIPATING GOVERNMENTAL UNIT UNDER THIS SECTION IS IRREVOCABLE.

(Over)

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - State Personnel and Pensions

23-212.

(a) Except as [provided in subsection (b) of] OTHERWISE PROVIDED IN this section, a member's contribution rate is 5% of the part of the member's earnable compensation that exceeds the taxable wage base for each year.

(b) The contribution rate of a member who is subject to the contributory pension benefit under Part II of this subtitle is 2% of the member's earnable compensation.

(C) THE CONTRIBUTION RATE OF A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO IS SUBJECT TO THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER PART III OF THIS SUBTITLE IS:

(1) 2.7% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM JULY 1, 2006 TO JUNE 30, 2007, BOTH INCLUSIVE;

(2) 3.4% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM JULY 1, 2007 TO JUNE 30, 2008, BOTH INCLUSIVE;

(3) 4.1% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM JULY 1, 2008 TO JUNE 30, 2009, BOTH INCLUSIVE;

(4) 4.8% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM JULY 1, 2009 TO JUNE 30, 2010, BOTH INCLUSIVE; AND

(5) 5.5% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED ON OR AFTER JULY 1, 2010.

(D) THE CONTRIBUTION RATE OF A MEMBER OF THE TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE MODIFIED CONTRIBUTORY PENSION BENEFIT

UNDER PART III OF THIS SUBTITLE IS 5.5% OF THE MEMBER'S EARNABLE COMPENSATION.

23-217.

(a) Except as provided in subsection (b) of this section, this Part II of this subtitle applies to an individual who is:

(1) a member of the Employees' Pension System or the Teachers' Pension System; or

(2) a member of the Employees' Retirement System or the Teachers' Retirement System subject to Selection C (Combination Formula) as provided in § 22-221 of this article.

(b) This Part II of this subtitle does not apply to an individual who is:

(1) an employee of:

(i) a participating governmental unit that has not elected the contributory pension benefit for its employees under § 31-116 of this article; or

(ii) a former participating governmental unit, other than Frederick County, that has withdrawn; [or]

(2) a member of the Employees' Pension System or Teachers' Pension System who transferred from the Employees' Retirement System or Teachers' Retirement System after April 1, 1998; OR

(3) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO IS SUBJECT TO THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER PART III OF THIS SUBTITLE.

23-219. RESERVED.

(Over)

23-220. RESERVED.

PART III. MODIFIED CONTRIBUTORY PENSION BENEFIT.

23-221.

(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS PART APPLIES TO AN INDIVIDUAL WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM ON OR AFTER JULY 1, 2007.

(B) THIS PART III DOES NOT APPLY TO:

(1) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT PARTICIPATING IN THE EMPLOYEES' PENSION SYSTEM THAT HAS NOT ELECTED TO PARTICIPATE IN THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER § 31-116.1 OF THIS ARTICLE OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN FROM THE EMPLOYEES' PENSION SYSTEM; OR

(2) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO TRANSFERRED FROM THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998.

23-222.

A MEMBER WHO IS SUBJECT TO THIS PART SHALL:

(1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS FOLLOWS:

(I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN § 23-401(D) OF THIS TITLE;

(II) FOR EARLY SERVICE RETIREMENT AS PROVIDED IN § 23-402 OF THIS TITLE;

(III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN § 29-108 OF THIS ARTICLE; AND

(IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN § 29-110 OF THIS ARTICLE;

(2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE 29, SUBTITLE 4 OF THIS ARTICLE; AND

(3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN § 23-212(C) AND (D) OF THIS SUBTITLE.

23-401.

(a) A member may retire with a normal service retirement allowance if:

(1) the member completes and submits a written application to the Board of Trustees stating the date when the member desires to retire; and

(2) on or before the date of retirement, the member:

(i) has at least 30 years of eligibility service;

(ii) has a combined total of at least 30 years of eligibility service from the Employees' Pension System, the Teachers' Pension System, the Employees' Retirement System, or the Teachers' Retirement System; or

(iii) has attained the age and the years of eligibility service as follows:

<u>Age</u>		<u>Years of Eligibility Service</u>
<u>62</u>	<u>with</u>	<u>5</u>
<u>63</u>	<u>with</u>	<u>4</u>
<u>64</u>	<u>with</u>	<u>3</u>

(Over)

65 or more with 2

(b) Except as provided in [subsections (c) and (d)] SUBSECTIONS (C), (D), AND (E) of this section, on retirement under this section, a member is entitled to receive a normal service retirement allowance that equals the number of years of the member's creditable service multiplied by:

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

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

(c) Except as provided in [subsection (d)] SUBSECTION (E) of this section, on retirement under this section, a member who is subject to the contributory pension benefit under Subtitle 2, Part II of this title is entitled to receive a normal service retirement allowance that equals the sum of:

(1) the number of years of the member's creditable service on or after July 1, 1998 multiplied by 1.4% of the member's average final compensation; and

(2) the greater of:

(i) the number of years of the member's creditable service on or before June 30, 1998 multiplied by 1.2% of the member's average final compensation; or

(ii) the number of years of the member's creditable service on or before June 30, 1998 multiplied by:

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

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

(d) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, A MEMBER WHO IS SUBJECT TO THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART III OF THIS TITLE IS ENTITLED TO RECEIVE A NORMAL SERVICE RETIREMENT ALLOWANCE THAT EQUALS THE SUM OF:

(1) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON OR BEFORE JUNE 30, 1998, MULTIPLIED BY 1.2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION;

(2) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON OR AFTER JULY 1, 1998 AND ON OR BEFORE JUNE 30, 2006, MULTIPLIED BY 1.4% OF THE MEMBER'S AVERAGE FINAL COMPENSATION; AND

(3) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON OR AFTER JULY 1, 2006, MULTIPLIED BY 2.0% OF THE MEMBER'S AVERAGE FINAL COMPENSATION.

(E) (1) This subsection applies only to a member who has a combined total of 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

(2) A member is entitled to receive a normal service retirement allowance that equals:

(i) an allowance based on the creditable service the member earned in the Employees' Pension System;

(ii) an allowance based on the creditable service the member earned in the Employees' Retirement System;

(iii) an allowance based on the creditable service the member earned in the Teachers' Pension System; plus

(iv) an allowance based on the creditable service the member earned in the Teachers' Retirement System.

(Over)

31-112.

(a) Subject to subsection (b) of this section, an employee of a participating governmental unit who is a member of one of the employees' systems is entitled to the benefits to which State employees are entitled under that system.

(b) (1) An employee of a participating governmental unit that has elected to participate in:

(I) the contributory pension benefit option under § 31-116 of this subtitle shall be subject to Title 23, Subtitle 2, Part II of this article; OR

(II) THE MODIFIED CONTRIBUTORY BENEFIT OPTION UNDER § 31-116.1 OF THIS SUBTITLE SHALL BE SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE.

(2) An employee of a participating governmental unit that has not elected to participate in:

(I) the contributory pension benefit option under § 31-116 of this subtitle is not subject to Title 23, Subtitle 2, Part II of this article; OR

(II) THE MODIFIED CONTRIBUTORY BENEFIT OPTION UNDER § 31-116.1 OF THIS SUBTITLE IS NOT SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE.

31-116.1.

(C) (1) IF A PARTICIPATING GOVERNMENTAL UNIT ELECTS TO PROVIDE ITS EMPLOYEES WITH THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE, AN EMPLOYEE OF THE PARTICIPATING GOVERNMENTAL UNIT WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM SHALL BE ENTITLED TO THE BENEFITS AS PROVIDED IN § 23-222 OF THIS ARTICLE, EFFECTIVE ON THE LATER OF JULY 1, 2007, OR THE DATE THE

EMPLOYEE BECAME A MEMBER OF THE EMPLOYEES' PENSION SYSTEM, UNLESS THE EMPLOYEE TRANSFERRED TO THE EMPLOYEES' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998.

(2) IF AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT TRANSFERRED TO THE EMPLOYEES' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998, THE EMPLOYEE IS NOT SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE AND IS NOT ENTITLED TO THE BENEFITS AS PROVIDED IN § 23-222 OF THIS ARTICLE.

SECTION 4. AND BE IT FURTHER ENACTED, That, on or before August 1, 2006, the State Actuary shall prepare an evaluation of the Employees' Pension System to reflect the actuarial cost of the modified contributory pension benefit enacted under this Act to the participating governmental units that are participating in the Employees' Pension System on or before July 1, 2006.

SECTION 5. AND BE IT FURTHER ENACTED, That:

(a) This section applies to a member of the Employees' Pension System or the Teachers' Pension System who begins making member contributions in excess of 2% of the member's earnable compensation on or after July 1, 2006, and retires from either the Employees' Pension System or the Teachers' Pension System on or before June 30, 2007.

(b) An individual described in subsection (a) of this section shall receive a refund of any member contributions made on or after July 1, 2006 in excess of 2% of the member's earnable compensation, plus regular interest.

SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect July 1, 2007.

SECTION 7. AND BE IT FURTHER ENACTED, That, except as provided in Section 6 of this Act, this Act shall take effect July 1, 2006. Section 1 of this Act shall remain effective for a

(Over)

period of 1 year and, at the end of June 30, 2007, with no further action required by the General Assembly, Section 1 of this Act shall be abrogated and of no further force and effect.”.