

**ENROLLED BILL***-- Appropriations/Budget and Taxation --*

Introduced by Delegates James, Conway, Jones, Barklev, Bates, Bohanan, Cadden, G. Clagett, Eckardt, Edwards, Gaines, Griffith, Haynes, Leopold, Paige, Proctor, and Stocksdales Stocksdales, Busch, Anderson, Aumann, Bartlett, Barve, Bates, Benson, Boteler, Bozman, Bromwell, Bronrott, Brown, Burns, Cane, Cardin, V. Clagett, Cluster, Conroy, Cryor, Donoghue, Doory, Dumais, Elliott, Elmore, Feldman, Franchot, Frank, Frush, Glassman, Goodwin, Gordon, Haddaway, Hammen, Healey, Heller, Hixson, Hogan, Holmes, Howard, Hubbard, Impallaria, Jameson, Jennings, Kaiser, Kelley, Kelly, King, Kohl, Krebs, Krysiak, Kullen, Lawton, Lee, Love, Malone, Mandel, Mayer, McComas, McConkey, McDonough, McHale, McIntosh, McKee, McMillan, Minnick, Montgomery, Murray, Nathan-Pulliam, Oaks, Parker, Parrott, Patterson, Pendergrass, Petzold, Pugh, Quinter, Ramirez, Rosenberg, Ross, Shank, Shewell, Simmons, Smigiel, Sophocleus, Sossi, Stern, Stull, Taylor, V. Turner, Weir, Weldon, and Zirkin

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
 \_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Employees' and Teachers' Retirement Enhancement Benefit Act of 2006**

3 FOR the purpose of altering the formula used to calculate the normal service

retirement allowances of certain members of the Employees' Pension System or the Teachers' Pension System as of a certain date; ~~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; providing for an alternate contributory pension selection 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 alternate contributory pension selection option; authorizing certain governmental units that participate in the Employees' Pension System to elect to participate in the modified alternate contributory pension benefits selection 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 alternate contributory pension benefit selection 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 Committee 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; defining a certain term; and generally relating to enhancements and modifications to pension and retirement benefits for State employees and teachers certain members of the Employees' Pension System and Teachers' Pension System State employees and teachers.~~

~~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 23-212, 23-217, and 23-401 ~~22-406(e), 23-212, 23-217, 23-401, and 23-407(e)~~ 23-407(e), and 31-112

1 Annotated Code of Maryland  
2 (2004 Replacement Volume and 2005 Supplement)

3 BY adding to  
4 Article - State Personnel and Pensions  
5 Section ~~21-125.1~~; 23-221 and 23-222 to be under the new part "Part III.  
6 ~~Modified Contributory Pension Benefit~~ *Alternate Contributory Pension*  
7 *Selection*"; ~~23-307.5, and 31-116.1~~  
8 Annotated Code of Maryland  
9 (2004 Replacement Volume and 2005 Supplement)

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

12 **~~Article -- State Personnel and Pensions~~**

13 ~~23-212.~~

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

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

20 (C) ~~(1) THIS SUBSECTION DOES NOT APPLY TO:~~

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

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

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

32 ~~(1) (I) 3.17% 2.7% OF THE MEMBER'S EARNABLE COMPENSATION~~  
33 ~~RECEIVED FROM JULY 1, 2006 TO JUNE 30, 2007, BOTH INCLUSIVE;~~

34 ~~(2) (II) 4.3% 3.4% OF THE MEMBER'S EARNABLE COMPENSATION~~  
35 ~~RECEIVED FROM JULY 1, 2007 TO JUNE 30, 2008, BOTH INCLUSIVE; AND~~

1                   (3)     ~~(III)     5.5% 4.1% OF THE MEMBER'S EARNABLE COMPENSATION~~  
2 ~~RECEIVED ON OR AFTER JULY 1, 2008. FROM JULY 1, 2008 TO JUNE 30, 2009, BOTH~~  
3 ~~INCLUSIVE;~~

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

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

8     (D)     ~~(3)     THE CONTRIBUTION RATE OF A MEMBER OF THE TEACHERS'~~  
9 ~~PENSION SYSTEM WHO IS SUBJECT TO THE MODIFIED CONTRIBUTORY PENSION~~  
10 ~~BENEFIT UNDER PART III OF THIS SUBTITLE IS 5.5% OF THE MEMBER'S EARNABLE~~  
11 ~~COMPENSATION.~~

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

14                             ~~Article—State Personnel and Pensions~~

15 ~~21-125.1.~~

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

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

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

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

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

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

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

1 ~~(IV) THE AVERAGE AGE AND YEARS OF SERVICE OF ACTIVE~~  
2 ~~MEMBERS RETIRING FROM THE VARIOUS PLANS IN THE STATE RETIREMENT AND~~  
3 ~~PENSION SYSTEM; AND~~

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

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

11 ~~22-406.~~

12 ~~(a) In this section, "area of critical shortage" means an academic field~~  
13 ~~identified by the State Department of Education in accordance with the provisions of~~  
14 ~~§ 18-703(g)(1) of the Education Article as having projected employment vacancies~~  
15 ~~that substantially exceed projected qualified graduates.~~

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

19 ~~(1) the individual immediately notifies the Board of Trustees of the~~  
20 ~~individual's intention to accept this employment; and~~

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

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

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

29 ~~(ii) the individual's current employer is any unit of State~~  
30 ~~government and the individual's employer at the time of the individual's last~~  
31 ~~separation from employment with the State before the individual commenced~~  
32 ~~receiving a service retirement allowance or vested allowance was also a unit of State~~  
33 ~~government; or~~

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

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

1                   ~~(i)       the amount by which the sum of the individual's initial annual~~  
2 ~~basic allowance and the individual's annual compensation exceeds the average final~~  
3 ~~compensation used to compute the basic allowance; or~~

4                   ~~(ii)       for a retiree who retired under the Workforce Reduction Act~~  
5 ~~(Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual~~  
6 ~~compensation and the retiree's annual basic allowance at the time of retirement,~~  
7 ~~including the incentive provided by the Workforce Reduction Act, exceeds the average~~  
8 ~~final compensation used to compute the basic allowance.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

6 ~~1. TEACHES in an area of critical shortage;~~

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

9 ~~3. TEACHES a class for students with limited English~~  
10 ~~proficiency.~~

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

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

16 (ii) ~~is receiving funds under Title I of the federal No Child Left~~  
17 ~~Behind Act of 2001; or~~

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

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

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

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

31 ~~1. three; or~~

32 ~~2. 0.1% of the total full-time equivalent instructional~~  
33 ~~teachers employed by that local school system, rounded up to the nearest whole~~  
34 ~~number not to exceed 10, as reported annually by the State Department of Education.~~



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

4                   ~~[(iii)     An individual rehired under this paragraph:~~

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

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

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

11                             ~~1.       approve the rehiring of that individual; and~~

12                             ~~2.       determine the school where the individual is to be~~  
13 ~~reemployed.~~

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

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

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

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

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

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

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

33                             ~~2.       If the Board of Trustees and the State Department of~~  
34 ~~Education agree that a superintendent of a local school system has rehired an~~  
35 ~~individual that does not satisfy the criteria provided in paragraph (4)(v) or (vi) and~~  
36 ~~(5), (6), or (8) of this subsection:~~

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

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

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

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

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

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

16 ~~2. whether the school:~~

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

20 ~~B. was receiving funds under Title I of the federal No Child~~  
21 ~~Left Behind Act of 2001; or~~

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

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

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

27 ~~(v) the annual salary of each individual.~~

28 ~~23-307.5.~~

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

34 ~~(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A MEMBER~~  
35 ~~WHO IS SUBJECT TO THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER~~  
36 ~~SUBTITLE 2, PART III OF THIS TITLE MAY PURCHASE CREDIT FOR ELIGIBILITY~~

~~1 SERVICE FOR THE PERIOD OF EMPLOYMENT FROM JULY 1, 2006, THROUGH THE~~  
~~2 EFFECTIVE DATE OF ELECTION OF THE MEMBER'S PARTICIPATING EMPLOYER, BY~~  
~~3 PAYING TO THE BOARD OF TRUSTEES;~~

~~4 (1) ON OR BEFORE JUNE 30, 2007, THE AMOUNT THE MEMBER WOULD~~  
~~5 HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF EMPLOYMENT; OR~~

~~6 (2) ON OR AFTER JULY 1, 2007, THE AMOUNT THE MEMBER WOULD HAVE~~  
~~7 BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF EMPLOYMENT PLUS~~  
~~8 REGULAR INTEREST COMPOUNDED ANNUALLY.~~

~~9 (C) IF THE MEMBER FAILS TO MAKE THE PAYMENT AS PROVIDED UNDER~~  
~~10 SUBSECTION (B) OF THIS SECTION, THE BOARD OF TRUSTEES SHALL REDUCE~~  
~~11 ACTUARIALLY THE ALLOWANCE PAYABLE TO A FORMER MEMBER, RETIREE, OR~~  
~~12 SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR RETIREE,~~  
~~13 23 407.~~

~~14 (a) In this section, "area of critical shortage" means an academic field~~  
~~15 identified by the State Department of Education in accordance with the provisions of~~  
~~16 § 18-703(g)(1) of the Education Article as having projected employment vacancies~~  
~~17 that substantially exceed projected qualified graduates.~~

~~18 (b) Except as provided in subsection (m) of this section, an individual who is~~  
~~19 receiving a service retirement allowance or a vested allowance may accept~~  
~~20 employment with a participating employer on a permanent, temporary, or contractual~~  
~~21 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 (c) (1) The Board of Trustees shall reduce the allowance of an individual~~  
~~26 who accepts employment as provided under subsection (b) of this section if:~~

~~27 (i) the individual's current employer is a participating employer~~  
~~28 other than the State and is the same participating employer that employed the~~  
~~29 individual at the time of the individual's last separation from employment with a~~  
~~30 participating employer before the individual commenced receiving a service~~  
~~31 retirement allowance or vested allowance;~~

~~32 (ii) the individual's current employer is any unit of State~~  
~~33 government and the individual's employer at the time of the individual's last~~  
~~34 separation from employment with the State before the individual commenced~~  
~~35 receiving a service retirement allowance or vested allowance was also a unit of State~~  
~~36 government; or~~

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

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

6                   ~~(i)     the amount by which the sum of the individual's initial annual~~  
7 ~~basic allowance and the individual's annual compensation exceeds the average final~~  
8 ~~compensation used to compute the basic allowance; or~~

9                   ~~(ii)     for a retiree who retired under the Workforce Reduction Act~~  
10 ~~(Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual~~  
11 ~~compensation and the retiree's annual basic allowance at the time of retirement,~~  
12 ~~including the incentive provided by the Workforce Reduction Act, exceeds the average~~  
13 ~~final compensation used to compute the basic allowance.~~

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

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

20                   ~~(i)     an individual whose average final compensation was less than~~  
21 ~~\$10,000 and who is reemployed on a temporary or contractual basis;~~

22                   ~~(ii)     an individual who is serving in an elected position as an official~~  
23 ~~of a participating governmental unit or as a constitutional officer for a county that is~~  
24 ~~a participating governmental unit;~~

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

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

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

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

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

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

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



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

3                   ~~1.       TEACHES in an area of critical shortage;~~

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

6                   ~~3.       TEACHES a class for students with limited English~~  
7 ~~proficiency.~~

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

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

13                  (ii)    ~~is receiving funds under Title I of the federal No Child Left~~  
14 ~~Behind Act of 2001; or~~

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

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

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

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

29                         ~~1.       three; or~~

30                         ~~2.       0.1% of the total full time equivalent instructional~~  
31 ~~teachers employed by that local school system, rounded up to the nearest whole~~  
32 ~~number not to exceed 10, as reported annually by the State Department of Education.~~

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

36                         ~~[(iii)   An individual rehired under this paragraph:~~

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

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

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

7 ~~1.~~ approve the rehiring of that individual; and

8 ~~2.~~ determine the school where the individual is to be  
9 ~~reemployed.~~

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

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

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

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

20 ~~A.1 B.~~ WAS REEMPLOYED teaching in an area specified in  
21 ~~paragraph (5)(ii) of this subsection; or~~

22 ~~[B.1 C.~~ [teaching in any class or subject or providing  
23 ~~educational services] WAS REEMPLOYED as provided under paragraph (8) of this~~  
24 ~~subsection.~~

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

28 ~~2.~~ If the Board of Trustees and the State Department of  
29 ~~Education agree that a superintendent of a local school system has rehired an~~  
30 ~~individual that does not satisfy the criteria provided in paragraph (4)(iv) or (v) and~~  
31 ~~(5), (6), or (8) of this subsection:~~

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

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

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

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

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

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

13 ~~2. whether the school:~~

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

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

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

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

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

24 ~~(v) the annual salary of each individual.~~

25 ~~31-116.1.~~

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

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

34 ~~SECTION 2. 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland~~  
35 ~~read as follows:~~



1                                    **Article - State Personnel and Pensions**2    21-125.1.

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

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

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

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

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

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

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

21                            (IV)        THE AVERAGE AGE AND YEARS OF SERVICE OF ACTIVE  
22 MEMBERS RETIRING FROM THE VARIOUS PLANS IN THE STATE RETIREMENT AND  
23 PENSION SYSTEM; AND

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

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

31    23-212.

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

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

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

7 (1) ~~2.7%~~ 3% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED  
8 FROM JULY 1, 2006 TO JUNE 30, 2007, BOTH INCLUSIVE;

9 (2) ~~3.4%~~ 4% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED  
10 FROM JULY 1, 2007 TO JUNE 30, 2008, BOTH INCLUSIVE; AND

11 (3) ~~4.1%~~ 5% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED  
12 FROM JULY 1, 2008 TO JUNE 30, 2009, BOTH INCLUSIVE; ON OR AFTER JULY 1, 2008.

13 (4) ~~4.8% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED FROM~~  
14 ~~JULY 1, 2009 TO JUNE 30, 2010, BOTH INCLUSIVE; AND~~

15 (5) ~~5.5% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED ON~~  
16 ~~OR AFTER JULY 1, 2010.~~

17 (D) ~~THE CONTRIBUTION RATE OF A MEMBER OF THE TEACHERS' PENSION~~  
18 ~~SYSTEM WHO IS SUBJECT TO THE MODIFIED CONTRIBUTORY PENSION BENEFIT~~  
19 ~~UNDER PART III OF THIS SUBTITLE IS 5.5% OF THE MEMBER'S EARNABLE~~  
20 ~~COMPENSATION.~~

21 23-217.

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

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

26 (2) a member of the Employees' Retirement System or the Teachers'  
27 Retirement System subject to Selection C (Combination Formula) as provided in §  
28 22-221 of this article.

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

30 (1) an employee of:

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

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

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

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

7 23-219. RESERVED.

8 23-220. RESERVED.

9 PART III. ~~MODIFIED ALTERNATE~~ CONTRIBUTORY PENSION ~~BENEFIT~~ SELECTION.

10 23-221.

11 (A) IN THIS SECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO IS NOT  
12 SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING EMPLOYER  
13 OF THE STATE.

14 ~~(A)~~ (B) EXCEPT AS PROVIDED IN SUBSECTION ~~(B)~~ (C) OF THIS SECTION, THIS  
15 PART APPLIES TO AN INDIVIDUAL WHO ~~IS A~~ ON OR AFTER JUNE 30, 2006, IS:

16 (1) AN ACTIVE MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE  
17 TEACHERS' PENSION SYSTEM ON OR AFTER JULY 1, 2006 2007 SYSTEM; OR

18 (2) A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR  
19 EMPLOYEES' RETIREMENT SYSTEM WHO IS SUBJECT TO SELECTION C  
20 (COMBINATION FORMULA) AS PROVIDED IN § 22-221 OF THIS ARTICLE.

21 ~~(B)~~ (C) THIS PART III DOES NOT APPLY TO:

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

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

31 23-222.

32 A MEMBER WHO IS SUBJECT TO THIS PART SHALL:

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

1 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN §  
2 23-401(D) OF THIS TITLE;

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

5 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN §  
6 29-108 OF THIS ARTICLE; AND

7 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN §  
8 29-110 OF THIS ARTICLE;

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

11 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN §§  
12 23-212(C) ~~AND (D)~~ OF THIS SUBTITLE.

13 23-307.5.

14 (A) THIS SECTION APPLIES ONLY TO A FORMER MEMBER, MEMBER, RETIREE,  
15 OR SURVIVING BENEFICIARY OF THE EMPLOYEES' PENSION SYSTEM WHO, WHILE A  
16 MEMBER, WAS AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT  
17 ELECTED THE ALTERNATE CONTRIBUTORY PENSION SELECTION FOR ITS  
18 EMPLOYEES UNDER § 31-116.1 OF THIS ARTICLE.

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

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

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

30 (C) IF THE MEMBER FAILS TO MAKE THE PAYMENT AS PROVIDED UNDER  
31 SUBSECTION (B) OF THIS SECTION, THE BOARD OF TRUSTEES SHALL REDUCE  
32 ACTUARIALLY THE ALLOWANCE PAYABLE TO A FORMER MEMBER, RETIREE, OR  
33 SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR RETIREE.  
34 23-401.

35 (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:

Age		Years of Eligibility Service
62	with	5
63	with	4
64	with	3
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

1 2. 1.5% of the member's average final compensation that  
 2 exceeds the Social Security integration level.

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

7 (1) THE GREATER OF:

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

11 (II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE  
 12 SERVICE ON OR BEFORE JUNE 30, 1998 MULTIPLIED BY:

13 1. 0.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION  
 14 THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY INTEGRATION LEVEL; AND

15 2. 1.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION  
 16 THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL; AND

17 ~~(2) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON~~  
 18 ~~OR AFTER JULY 1, 1998 AND ON OR BEFORE JUNE 30, 2002 2006 MULTIPLIED BY 1.4%~~  
 19 ~~OF THE MEMBER'S AVERAGE FINAL COMPENSATION; AND~~

20 ~~(3) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON~~  
 21 ~~OR AFTER JULY 1, 2002 AND ON OR BEFORE JUNE 30, 2006 MULTIPLIED BY 1.6% OF~~  
 22 ~~THE MEMBER'S AVERAGE FINAL COMPENSATION; AND~~

23 ~~(4)~~ ~~(3)~~ (2) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE  
 24 SERVICE ON OR AFTER JULY 1, ~~2006~~ 1998 MULTIPLIED BY ~~1.95%~~ 2.0% 1.8% OF THE  
 25 MEMBER'S AVERAGE FINAL COMPENSATION.

26 (E) (1) This subsection applies only to a member who has a combined total of  
 27 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

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

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

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

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

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

3 31-112.

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

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

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

11 (II) THE MODIFIED CONTRIBUTORY BENEFIT OPTION ALTERNATE  
12 CONTRIBUTORY PENSION SELECTION UNDER § 31-116.1 OF THIS SUBTITLE SHALL BE  
13 SUBJECT TO TITLE 23, SUBTITLE 2, PART II OF THIS ARTICLE.

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

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

18 (II) THE MODIFIED CONTRIBUTORY BENEFIT OPTION ALTERNATE  
19 CONTRIBUTORY PENSION SELECTION UNDER § 31-116.1 OF THIS SUBTITLE IS NOT  
20 SUBJECT TO TITLE 23, SUBTITLE 2, PART II OF THIS ARTICLE.

21 31-116.1.

22 (A) ON OR BEFORE JUNE 30, 2007, A PARTICIPATING GOVERNMENTAL UNIT  
23 MAY ELECT TO PROVIDE ITS EMPLOYEES WITH THE ALTERNATE CONTRIBUTORY  
24 PENSION SELECTION UNDER TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE BY  
25 SUBMITTING ITS ELECTION ON A FORM PROVIDED BY THE STATE RETIREMENT  
26 AGENCY.

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

29 (C) (1) IF A PARTICIPATING GOVERNMENTAL UNIT ELECTS TO PROVIDE ITS  
30 EMPLOYEES WITH THE MODIFIED ALTERNATE CONTRIBUTORY PENSION BENEFIT  
31 SELECTION UNDER TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE, AN EMPLOYEE  
32 OF THE PARTICIPATING GOVERNMENTAL UNIT WHO IS A MEMBER OF THE  
33 EMPLOYEES' PENSION SYSTEM SHALL BE ENTITLED TO THE BENEFITS AS PROVIDED  
34 IN § 23-222 OF THIS ARTICLE, EFFECTIVE ON THE LATER OF JULY 1, 2007 2006, OR THE  
35 DATE THE EMPLOYEE BECAME A MEMBER OF THE EMPLOYEES' PENSION SYSTEM,  
36 UNLESS THE EMPLOYEE TRANSFERRED TO THE EMPLOYEES' PENSION SYSTEM  
37 FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM  
38 AFTER APRIL 1, 1998.

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

6       SECTION 4. ~~2.~~ AND BE IT FURTHER ENACTED, That, on or before August 1,  
7 2006, the State Actuary shall prepare an evaluation of the Employees' Pension  
8 System to reflect the actuarial cost of the modified contributory pension benefit  
9 enacted under this Act to the participating governmental units that are participating  
10 in the Employees' Pension System on or before July 1, 2006.

11       SECTION 3. ~~4. 5.~~ AND BE IT FURTHER ENACTED, That:

12       (a)               This section applies to an individual a member of the Employees' Pension  
13 System or the Teachers' Pension System who begins making member contributions of  
14 3.17% in excess of 2% of the member's earnable compensation on or after July 1, 2006,  
15 and retires from either the Employees' Pension System or Teachers' Pension System  
16 on or before June 30, 2007.

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

20       SECTION 4. ~~5. 6.~~ AND BE IT FURTHER ENACTED, That Section 2 ~~3~~ of this  
21 Act shall take effect July 1, 2007.

22       SECTION 5. ~~6. 7.~~ AND BE IT FURTHER ENACTED, That, except as provided  
23 in Section 4 ~~Section 5~~ Section 6 of this Act, this Act shall take effect July 1, 2006.  
24 Section 1 of this Act shall remain effective for a period of 1 year and, at the end of  
25 June 30, 2007, with no further action required by the General Assembly, Section 1 of  
26 this Act shall be abrogated and of no further force and effect.

27       SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 July 1, 2006.