
By: Delegates James, Conway, Jones, Barkley, Bates, Bohanan, Cadden, G. Clagett, Eckardt, Edwards, Gaines, Griffith, Haynes, Leopold, Paige, Proctor, and Stocksdale Stocksdale, 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

Rules suspended

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Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: March 20, 2006

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
 4 retirement allowances of certain members of the Employees' Pension System or
 5 the Teachers' Pension System as of a certain date; altering a certain exemption
 6 from a certain offset of a retirement allowance for certain retirees of the
 7 Teachers' Retirement System and Teachers' Pension System; altering the
 8 number of years that certain retirees of the Teachers' Retirement System and
 9 Teachers' Pension System may be reemployed under certain circumstances;
 10 providing for a modified contributory pension benefit for certain members of the
 11 Employees' Pension System and the Teachers' Pension System; providing for the
 12 member contribution rate and benefits for certain members of the Employees'

1 Pension System and the Teachers' Pension System under a certain modified
 2 contributory pension benefit; authorizing certain governmental units that
 3 participate in the Employees' Pension System to elect to participate in the
 4 modified contributory pension benefits under this Act; providing that the
 5 election by a participating governmental unit to participate is irrevocable;
 6 providing for a certain purchase of service credit by certain employees of
 7 participating governmental units that elect to participate in the modified
 8 contributory pension benefit under this Act; requiring the Joint Committee on
 9 Pensions to commission a certain experience study by an actuarial consulting
 10 firm on or before a certain date and periodically thereafter; requiring that the
 11 findings of the actuarial consulting firm be submitted to the Joint Commission
 12 on Pensions on or before a certain date of certain years; requiring the State
 13 actuary to prepare a certain evaluation on or before a certain date; requiring
 14 that certain members of the Employees' Pension System or Teachers' Pension
 15 System receive a refund of certain member contributions plus regular interest
 16 under certain circumstances; making a technical correction; providing for the
 17 termination of certain provisions of this Act; providing for a delayed effective
 18 date for certain provisions of this Act; and generally relating to enhancements
 19 and modifications to pension and retirement benefits for State employees and
 20 teachers certain members of the Employees' Pension System and Teachers'
 21 Pension System.

22 BY repealing and reenacting, without amendments,
 23 Article - State Personnel and Pensions
 24 Section 22-406(a) and (b) and 23-407(a) and (b)
 25 Annotated Code of Maryland
 26 (2004 Replacement Volume and 2005 Supplement)

27 BY repealing and reenacting, with amendments,
 28 Article - State Personnel and Pensions
 29 Section ~~23-212, 23-217, and 23-401~~ 22-406(c), 23-212, 23-217, 23-401, and
 30 23-407(e) 23-407(c), and 31-112
 31 Annotated Code of Maryland
 32 (2004 Replacement Volume and 2005 Supplement)

33 BY adding to
 34 Article - State Personnel and Pensions
 35 Section 21-125.1; 23-221 and 23-222 to be under the new part "Part III.
 36 Modified Contributory Pension Benefit"; 23-307.5, and 31-116.1
 37 Annotated Code of Maryland
 38 (2004 Replacement Volume and 2005 Supplement)

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

1 **Article - State Personnel and Pensions**

2 23-212.

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

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

9 (C) (1) THIS SUBSECTION DOES NOT APPLY TO:

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

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

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

21 (1) ~~3.17%~~ 2.7% OF THE MEMBER'S EARNABLE COMPENSATION
22 RECEIVED FROM JULY 1, 2006 TO JUNE 30, 2007, BOTH INCLUSIVE;

23 (2) ~~4.3%~~ 3.4% OF THE MEMBER'S EARNABLE COMPENSATION
24 RECEIVED FROM JULY 1, 2007 TO JUNE 30, 2008, BOTH INCLUSIVE; ~~AND~~

25 (3) ~~5.5%~~ 4.1% OF THE MEMBER'S EARNABLE COMPENSATION
26 RECEIVED ~~ON OR AFTER JULY 1, 2008.~~ FROM JULY 1, 2008 TO JUNE 30, 2009, BOTH
27 INCLUSIVE;

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

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

32 (3) ~~THE CONTRIBUTION RATE OF A MEMBER OF THE TEACHERS'~~
33 ~~PENSION SYSTEM WHO IS SUBJECT TO THE MODIFIED CONTRIBUTORY PENSION~~
34 ~~BENEFIT UNDER PART III OF THIS SUBTITLE IS 5.5% OF THE MEMBER'S EARNABLE~~
35 ~~COMPENSATION.~~

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

3 Article - State Personnel and Pensions

4 21-125.1.

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

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

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

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

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

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

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

24 (IV) THE AVERAGE AGE AND YEARS OF SERVICE OF ACTIVE
25 MEMBERS RETIRING FROM THE VARIOUS PLANS IN THE STATE RETIREMENT AND
26 PENSION SYSTEM; AND

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

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

34 22-406.

35 (a) In this section, "area of critical shortage" means an academic field
36 identified by the State Department of Education in accordance with the provisions of

1 § 18-703(g)(1) of the Education Article as having projected employment vacancies
2 that substantially exceed projected qualified graduates.

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

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

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

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

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

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

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

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

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

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

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

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

- 1 (i) an individual who has been retired for 9 years, beginning on
2 January 1 after the date the individual retires;
- 3 (ii) an individual whose average final compensation was less than
4 \$10,000 and who is reemployed on a temporary or contractual basis;
- 5 (iii) an individual who is serving in an elected position as an official
6 of a participating governmental unit or as a constitutional officer for a county that is
7 a participating governmental unit;
- 8 (iv) a retiree of the Teachers' Retirement System:
- 9 1. who retired and was reemployed by a participating
10 employer other than the State on or before September 30, 1994; and
- 11 2. whose employment compensation does not derive, in whole
12 or in part, from State funds;
- 13 (v) a retiree of the Teachers' Retirement System who:
- 14 1. is or has been certified to teach in the State;
- 15 2. has verification of satisfactory or better performance in
16 the last assignment prior to retirement;
- 17 3. based on the retired teacher's qualifications, has been
18 appointed in accordance with § 4-103 of the Education Article; and
- 19 4. receives verification of satisfactory or better performance
20 each year the teacher is employed under paragraph (5) of this subsection;
- 21 (vi) a retiree of the Teachers' Retirement System who:
- 22 1. A. was employed as a principal within 5 years of
23 retirement; or
- 24 B. was employed as a principal not more than 10 years before
25 retirement and was employed in a position supervising principals in the retiree's last
26 assignment prior to retirement;
- 27 2. has verification of satisfactory performance for each year
28 as a principal and, if applicable, in a position supervising principals prior to
29 retirement;
- 30 3. based on the retiree's qualifications, has been hired as a
31 principal; and
- 32 4. receives verification of satisfactory performance each year
33 the retiree is employed as a principal under paragraph (6) of this subsection;

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

4 (viii) a retiree of the Employees' Retirement System who is
 5 reemployed on a contractual basis for not more than 4 years by the Department of
 6 Health and Mental Hygiene as a health care practitioner, as defined in § 1-301 of the
 7 Health Occupations Article, in:

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

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

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

14 4. a local health department subject to Title 3, Subtitle 2 of
 15 the Health - General Article.

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

19 (I) in a public school that:

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

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

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

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

30 1. TEACHES in an area of critical shortage;

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

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

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

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

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

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

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

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

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

19 1. three; or

20 2. 0.1% of the total full-time equivalent instructional
21 teachers employed by that local school system, rounded up to the nearest whole
22 number not to exceed 10, as reported annually by the State Department of Education.

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

26 [(iii) An individual rehired under this paragraph:

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

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

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

33 1. approve the rehiring of that individual; and

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

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

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

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

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

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

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

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

20 2. If the Board of Trustees and the State Department of
 21 Education agree that a superintendent of a local school system has rehired an
 22 individual that does not satisfy the criteria provided in paragraph (4)(v) or (vi) and
 23 (5), (6), or (8) of this subsection:

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

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

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

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

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

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

3 2. whether the school:

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

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

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

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

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

14 (v) the annual salary of each individual.

15 23-307.5.

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

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

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

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

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

1 23-407.

2 (a) In this section, "area of critical shortage" means an academic field
3 identified by the State Department of Education in accordance with the provisions of
4 § 18-703(g)(1) of the Education Article as having projected employment vacancies
5 that substantially exceed projected qualified graduates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (vi) a retiree of the Employees' Pension System who is reemployed
 2 on a contractual basis for not more than 4 years by the Department of Health and
 3 Mental Hygiene as a health care practitioner, as defined in § 1-301 of the Health
 4 Occupations Article in:

- 5 1. a State residential center as defined in § 7-101 of the
 6 Health - General Article;
- 7 2. a chronic disease center subject to Title 19, Subtitle 5 of
 8 the Health - General Article;
- 9 3. a State facility as defined in § 10-101 of the Health -
 10 General Article; or
- 11 4. a local health department subject to Title 3, Subtitle 2 of
 12 the Health - General Article.

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

16 (I) in a public school that:

- 17 1. is not making adequate yearly progress or is a school in
 18 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 2. is receiving funds under Title 1 of the federal No Child
 21 Left Behind Act of 2001; or
- 22 3. provides 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].; OR

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

- 27 1. TEACHES in an area of critical shortage;
- 28 2. TEACHES a special education class for students with
 29 special needs; or
- 30 3. TEACHES a class for students with limited English
 31 proficiency.

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

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

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

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

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

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

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

17 1. three; or
 18 2. 0.1% of the total full-time equivalent instructional
 19 teachers employed by that local school system, rounded up to the nearest whole
 20 number not to exceed 10, as reported annually by the State Department of Education.

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

24 [(iii) An individual rehired under this paragraph:

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

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

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

31 1. approve the rehiring of that individual; and

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

34 (ii) Within 30 days after rehiring an individual, the superintendent
 35 of a local school system shall complete and file with the Board of Trustees and the
 36 State Department of Education a form provided by the Board of Trustees that

1 certifies that the individual rehired by the local school system under paragraph (4)(v)
 2 or (vi) of this subsection:

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

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

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

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

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

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

16 2. If the Board of Trustees and the State Department of
 17 Education agree that a superintendent of a local school system has rehired an
 18 individual that does not satisfy the criteria provided in paragraph (4)(iv) or (v) and
 19 (5), (6), or (8) of this subsection:

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

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

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

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

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

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

35 2. whether the school:

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

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

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

7 (5) 5.5% OF THE MEMBER'S EARNABLE COMPENSATION RECEIVED ON
8 OR AFTER JULY 1, 2010.

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

13 23-217.

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

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

18 (2) a member of the Employees' Retirement System or the Teachers'
19 Retirement System subject to Selection C (Combination Formula) as provided in §
20 22-221 of this article.

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

22 (1) an employee of:

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

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

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

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

1 23-219. RESERVED.

2 23-220. RESERVED.

3 PART III. MODIFIED CONTRIBUTORY PENSION BENEFIT.

4 23-221.

5 (A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS PART
6 APPLIES TO AN INDIVIDUAL WHO IS A MEMBER OF THE EMPLOYEES' PENSION
7 SYSTEM OR THE TEACHERS' PENSION SYSTEM ON OR AFTER JULY 1, ~~2006~~ 2007.

8 (B) THIS PART III DOES NOT APPLY TO:

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

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

17 23-222.

18 A MEMBER WHO IS SUBJECT TO THIS PART SHALL:

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

21 (I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN §
22 23-401(D) OF THIS TITLE;

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

25 (III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN §
26 29-108 OF THIS ARTICLE; AND

27 (IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN §
28 29-110 OF THIS ARTICLE;

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

31 (3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN §§
32 23-212(C) AND (D) OF THIS SUBTITLE.

1 23-401.

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

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

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

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

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

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

12 Age	Years of Eligibility Service
13 62 with	5
14 63 with	4
15 64 with	3
16 65 or more with	2

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

21 (1) 0.8% of the member's average final compensation that is not in excess
22 of the Social Security integration level; and

23 (2) 1.5% of the member's average final compensation that exceeds the
24 Social Security integration level.

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

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

31 (2) the greater of:

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

34 or

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

3 1. 0.8% of the member's average final compensation that is
4 not in excess of the Social Security integration level; and

5 2. 1.5% of the member's average final compensation that
6 exceeds the Social Security integration level.

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

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

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

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

20 ~~(4)~~ (3) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE
21 SERVICE ON OR AFTER JULY 1, 2006 MULTIPLIED BY ~~1.95%~~ 2.0% OF THE MEMBER'S
22 AVERAGE FINAL COMPENSATION.

23 (E) (1) This subsection applies only to a member who has a combined total of
24 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

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

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

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

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

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

1 31-112.

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

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

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

9 (II) THE MODIFIED CONTRIBUTORY BENEFIT OPTION UNDER §
10 31-116.1 OF THIS SUBTITLE SHALL BE SUBJECT TO TITLE 23, SUBTITLE 2, PART II OF
11 THIS ARTICLE.

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

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

16 (II) THE MODIFIED CONTRIBUTORY BENEFIT OPTION UNDER §
17 31-116.1 OF THIS SUBTITLE IS NOT SUBJECT TO TITLE 23, SUBTITLE 2, PART II OF THIS
18 ARTICLE.

19 31-116.1.

20 (C) (1) IF A PARTICIPATING GOVERNMENTAL UNIT ELECTS TO PROVIDE ITS
21 EMPLOYEES WITH THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER TITLE
22 23, SUBTITLE 2, PART III OF THIS ARTICLE, AN EMPLOYEE OF THE PARTICIPATING
23 GOVERNMENTAL UNIT WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM
24 SHALL BE ENTITLED TO THE BENEFITS AS PROVIDED IN § 23-222 OF THIS ARTICLE,
25 EFFECTIVE ON THE LATER OF JULY 1, 2007, OR THE DATE THE EMPLOYEE BECAME A
26 MEMBER OF THE EMPLOYEES' PENSION SYSTEM, UNLESS THE EMPLOYEE
27 TRANSFERRED TO THE EMPLOYEES' PENSION SYSTEM FROM THE EMPLOYEES'
28 RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998.

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

34 SECTION 4. AND BE IT FURTHER ENACTED, That, on or before August 1,
35 2006, the State Actuary shall prepare an evaluation of the Employees' Pension
36 System to reflect the actuarial cost of the modified contributory pension benefit
37 enacted under this Act to the participating governmental units that are participating
38 in the Employees' Pension System on or before July 1, 2006.

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

2 (a) This section applies to ~~an individual~~ a member of the Employees' Pension
3 System or the Teachers' Pension System who begins making member contributions of
4 ~~3.17%~~ in excess of 2% of the member's earnable compensation on or after July 1, 2006,
5 and retires from either the Employees' Pension System or Teachers' Pension System
6 on or before June 30, 2007.

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

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

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